

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

In the Matter of the Review of the )  
Competitive Classification of the )  
Exchanges of CenturyTel of Missouri, )  
LLC )

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.) 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-2006-0109, the Commission's Report and Order, effective October 9, 2005, granted CenturyTel competitive classification for residential services in 4 exchanges and for business services in 7 exchanges. In Case No. IO-2006-0316, the Commission's Report and Order granted CenturyTel competitive classification for residential services in 5 more exchanges. In Case No. IO-2007-0440, the Commission's Order Granting Competitive Classification granted CenturyTel competitive classification for business services in 3 more exchanges and for residential services in 7 more exchanges.

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 CenturyTel's competitively classified exchanges. In Staff's opinion, conditions for competitive classification continue to exist in CenturyTel's competitively classified exchanges.

WHEREFORE, the Staff requests the Commission to make CenturyTel a party to this case, to provide CenturyTel 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 CenturyTel's competitively classified exchanges.

Respectfully submitted,

/s/ William K. Haas

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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 all counsel of record this 4th day of October 2007.

/s/ William K. Haas

William K. Haas

Memorandum

To: Official Case File

From: John Van Eschen   
Telecommunications Department

Date: October 3, 2007

Subject: Analysis of CenturyTel's competitively classified exchanges

CenturyTel of Missouri, LLC ("CenturyTel") currently has sixteen exchanges with competitive classification for residential services and ten exchanges with competitive classification for business services. Section 392.245.5(6) requires the Commission to review within certain time frames if competitive conditions continue to exist in these exchanges. CenturyTel's first exchanges received competitive classification effective October 9, 2005 in Case No. IO-2006-0109. Since that time the company has subsequently requested and received competitive classification for additional exchanges<sup>1</sup>.

Section 392.245.5(6) describes how the Commission shall review whether the competitive conditions continue to exist in a company's competitive classified exchanges. Such a review will occur at least every two years or where the company increases rates for basic local telecommunications services. If the Commission determines competitive conditions do not exist within an exchange the Commission shall remove the exchange's competitive classification.

Staff's review consists of two parts. One part identifies CenturyTel's rate adjustments since August 28, 2005, the effective date of Senate Bill 237 which altered the process and criteria for achieving competitive status for an exchange. A review of CenturyTel's rate adjustments shows the company has not increased basic local telecommunications service rates in competitively classified exchanges during this two year time period. Rate increases for basic local telecommunications service in noncompetitively classified exchanges and rate increases for non-basic services were all within the limits of price cap regulation. Schedule A is a listing of rate adjustments for the company's services during this two year period.

The second part of Staff's review consists of analyzing whether a qualifying competitive local exchange company (CLEC) continues to provide service within a competitively classified exchange. All of the company's competitively classified exchanges received competitive classification under the 30-day track as described in Section 392.245.5. In general the competitive classification process requires a demonstration that at least two nonaffiliated entities are providing local voice service within an exchange in addition to the incumbent local telephone company. The 30-day track requires one of the nonaffiliated entities to be a carrier who is providing local voice service within the exchange on a full-facility basis (lines where the CLEC or its affiliate owns the switch and the lines) or a partial-facility basis (lines where the CLEC or its affiliate owns either the switch or the lines).

<sup>1</sup> See Case Nos. IO-2006-0316 and IO-2007-0440.

Schedules B and C list the company's competitively classified business and residential exchanges, respectively. These schedules identify the line counts for any CLEC with lines in the exchange based on a CLEC's 2004, 2005 and 2006 annual reports and if the CLEC provides service on a full-facility basis, partial-facility basis, and/or other-resale basis (lines where the CLEC leases facilities from the ILEC at a negotiated or arbitrated rate or an arrangement purchased via a commercial agreement). CLECs solely providing prepaid service or lines served through a pure resale arrangement are not included in these schedules. The 2006 annual report is the most recent annual report submitted to the Missouri Commission and identifies line counts as of December 31, 2006. Schedule C identifies two exchanges, Cassville and Cuba, without line counts from any qualifying CLEC. Staff presumes Charter Fiberlink-MO, LLC and Big River Telephone Company, LLC continue to provide residential service based on the relatively recent granting of competitive status for both exchanges on June 16, 2007. Staff also assumes at least one nonaffiliated wireless company continues to provide service within all competitively classified CenturyTel exchanges. Such an assumption is consistent with Staff's analysis in Case No. TO-2007-0053, in the matter of the review of the competitive classification of the exchanges of Southwestern Bell Telephone, L.P., d/b/a AT&T Missouri.

In Staff's opinion, the evidence suggests competitive conditions continue to exist in CenturyTel's competitively classified exchanges. Consequently Staff recommends the Commission make a finding that competitive conditions continue to exist in CenturyTel's competitively classified exchanges.

Attachments:

- Schedule A (CenturyTel's tariff rate increases)
- Schedule B (CLEC line information for CenturyTel's business competitively classified exchanges)
- Schedule C (CLEC line information for CenturyTel's residential competitively classified exchanges)

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

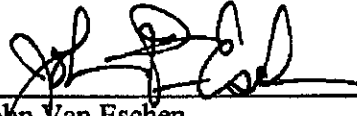
In the Matter of the Review of the )  
Competitive Classification of the )  
Exchanges of CenturyTel of Missouri, LLC )

Case No. IO-2008-

AFFIDAVIT OF John Van Eschen

STATE OF MISSOURI )  
 ) ss:  
COUNTY OF COLE )

John Van Eschen, employee of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that he has participated in preparing the accompanying documents and that the facts therein are true and correct to the best of his knowledge and belief.

  
John Van Eschen

Subscribed and affirmed before me this 3<sup>rd</sup> day of October 2007.  
I am commissioned as a notary public within the County of Callaway,  
State of Missouri and my commission expires on 9-21-10

  
NOTARY PUBLIC

Missouri Public Service Commission  
CenturyTel Rate Adjustments since August 28, 2005 (Senate Bill 237)

Tariff Filing	PSC No.	Effective Date	Description Tariff Sheets	Other
JI-2006-0076	1	1-Oct-05	Section 4, Sheets 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18; Section 5, Sheet 4	Decreased residential and business basic local service rates in all exchanges by the CPI-TS factor of -2.1021%. Increased certain non-basic service rates within 5% limit (e.g. Anonymous Call Block, Call Block, Call Forwarding, Call Forward Busy - Fixed, etc).
JI-2006-0077	2	1-Oct-05	Sheets 151, 152, 152.1, 152.2, 153, 205, 215, 217, 219, 219.1, 219.2, 313	Decreased switched access service rates by the CPI-TS factor of -2.1021%. Increased certain non-basic service rates within 5% limit.
JI-2006-0079	3	1-Oct-05	Sheets 24, 27, 46, 47, 50, 55, 59	Increased long distance message telecommunications service rates within 5% limit.
JI-2007-0090	1	1-Oct-06	Section 1, Sheet 1; Section 4, Sheets 1, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 17.1, 18, 18.1; Section 5, Sheet 4; Section 6, Sheets 13, 14, 15, 16, 17, 18, 18.1, 18.2, 21; Section 9, Sheet 7; Section 14, Sheet 1	Increased certain non-basic service rates within 5% limit (e.g. Anonymous Call Block, Call Block, Call Forwarding, etc).
YI-2007-0118	1	1-Oct-06	See above - listing of rate sheets	Decreased residential and business basic local service rates for only non-competitive exchanges by the CPI-TS factor of -0.1578%. Residential and business basic local service rates in competitive exchanges remained unchanged.
YI-2007-0119	2	1-Oct-06	Sheets 151, 152, 152.1, 152.2, 153, 313	Decreased switched access service rates by the CPI-TS factor of -0.1578%.
JI-2008-0113	1	1-Oct-07	Section 4, Sheets 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 17.1, 17.2, 17.3, 17.4, 17.5, 17.6, 17.7, 17.8, 17.9, 17.10, 17.11, 18, 18.1; Section 5, Sheet 4; Section 6, Sheets 13, 14, 15, 16, 17, 18, 1.1, 18.2; Section 7, Sheets 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 24.4, 29, 35, 36, 83, 84, 85, 86, 87, 97, 98; Section 9, Sheets 3, 3.3, 3.5, 7, 11; Section 10, Sheets 12, 12.4; Section 11, Sheets 22, 23, 26, 75.	Increased rates for residential and business basic local service rates in non-competitive exchanges by CPI-TS factor of +1.8887%. Residential and business basic local service rates in competitive exchanges remained unchanged. Certain nonbasic services rates were increased within 5% limit (e.g. Anonymous Call Block, Busy Redial, Call Return, Call Block, Call Forwarding, etc). Changed the rate group classification for the exchanges of Blue Eye, Jonesburg, Marshfield, and Theodosia to a different rate group where basic local service rates are lower.
JI-2008-0114	2	1-Oct-07	Sheets 151, 152, 152.1, 152.2, 153, 205, 219.1, 219.2, 313	Increased switched access services rates by the CPI-TS factor of 1.8887%. Increased certain nonbasic service rates within 5% limit.
JI-2008-0115	3	1-Oct-07	Sheets 27, 46, 47, 50, 55, 59	Increased long distance message telecommunications service rates within 5% limit. Increased certain nonbasic service rates within 5% limit.

**CenturyTel Missouri Business Competitive Exchanges**  
**Comparison of CLEC Line Information – 2004, 2005 & 2006 Annual Reports**

Exchange (Competitive Status became effective on Date)	CLEC	Lines <sup>1</sup>		
		2004 Annual Report	2005 Annual Report	2006 Annual Report
<b>Bourbon (10/09/05)</b>	Fidelity Communication Services II	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>Branson (06/16/07)</b>	American Fiber Network, Inc.	** **	** **	** **
	AT&T Communications of the Southwest	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	MCImetro Access Transmission Services, LLC	** **	** **	** ** <sup>2</sup>
	Missouri Telecom, Inc.	** ** <sup>2</sup>	** **	** **
	NuVox Communications of Missouri, Inc.	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	Southern Telecom Network	** **	** **	** **
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>Columbia (10/09/05)</b>	AT&T Communications of the Southwest	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	Socket Telecom, LLC	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>Cuba (10/09/05)</b>	Fidelity Communication Services II	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **

<sup>1</sup> CLEC information combines CLEC lines served on a full-facility basis (lines where the CLEC or its affiliate owns the switch and the lines), partial-facility basis (lines where the CLEC or its affiliate owns either the switch or the lines), and other-resale basis (lines where the CLEC leases facilities from the ILEC at a negotiated or arbitrated rate or an arrangement purchased via a commercial agreement). CLECs solely providing prepaid service or lines served through a pure resale arrangement are not included in this table.

<sup>2</sup> Line count includes facilities-based (full- and/or partial-facilities) lines, and may include other resale lines. Line counts without this footnote are entirely other resale.

Exchange (Competitive Status became effective on Date)	CLEC	Lines		
		2004 Annual Report	2005 Annual Report	2006 Annual Report
<b>O Fallon (10/09/05)</b>	AT&T Communications of the Southwest	** **2	** **2	** **2
	MCImetro Access Transmission Services, LLC	** **2	** **2	** **2
	NuVox Communications of Missouri, Inc.	** **	** **2	** **2
	Socket Telecom, LLC	** **	** **	** **2
	TCG St Louis	** **2	** **2	** **2
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>Ozark (06/16/07)</b>	AT&T Communications of the Southwest	** **	** **	** **
	NuVox Communications of Missouri, Inc.	** **2	** **2	** **2
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>St James (10/09/05)</b>	Fidelity Communication Services II	** **2	** **2	** **2
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>St Peters (10/09/05)</b>	AT&T Communications of the Southwest	** **2	** **2	** **2
	MCImetro Access Transmission Services, LLC	** **	** **2	** **2
	NuVox Communications of Missouri, Inc.	** **	** **2	** **2
	Socket Telecom, LLC	** **	** **	** **2
	TCG St Louis	** **	** **2	** **2
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>Troy (06/16/07)</b>	NuVox Communications of Missouri, Inc.	** **	** **2	** **
	Socket Telecom, LLC	** **2	** **2	** **2
	<b>CLEC Totals</b>	** **	** **	** **

Exchange (Competitive Status became effective on Date)	CLEC	Lines <sup>1</sup>		
		2004 Annual Report	2005 Annual Report	2006 Annual Report
	CenturyTel MO	** **	** **	** **
Wentzville (10/09/05)	AT&T Communications of the Southwest	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	NuVox Communications of Missouri, Inc.	** **	** ** <sup>2</sup>	** ** <sup>2</sup>
	Socket Telecom, LLC	** **	** **	** ** <sup>2</sup>
	TCG St Louis	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	CLEC Totals	** **	** **	** **
	CenturyTel MO	** **	** **	** **
CLEC Totals		3,785	2,859	4,530
ILEC Totals		** **	** **	** **

**CenturyTel Missouri Residential Competitive Exchanges**  
**Comparison of CLEC Line Information - 2004, 2005 & 2006 Annual Reports**

Exchange (Competitive Status became effective on Date)	CLEC	Lines <sup>1</sup>		
		2004 Annual Report	2005 Annual Report	2006 Annual Report
<b>Ava (03/03/06)</b>	MCC Telephony of Missouri, Inc.	** **	** ** <sup>2</sup>	** ** <sup>2</sup>
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>Bourbon (06/16/07)</b>	Fidelity Communication Services II	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>Cabool (06/16/07)</b>	MCC Telephony of Missouri, Inc.	** **	** ** <sup>2</sup>	** ** <sup>2</sup>
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>Cassville (06/16/07)</b>	Charter Fiberlink Missouri, LLC	** **	** **	** ** <sup>3</sup>
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>Columbia (03/03/06)</b>	Big River Telephone Company, LLC	** **	** ** <sup>2</sup>	** **

<sup>1</sup> CLEC information combines CLEC lines served on a full-facility basis (lines where the CLEC or its affiliate owns the switch and the lines), partial-facility basis (lines where the CLEC or its affiliate owns either the switch or the lines), and other-resale basis (lines where the CLEC leases facilities from the ILEC at a negotiated or arbitrated rate or an arrangement purchased via a commercial agreement). CLECs solely providing prepaid service or lines served through a pure resale arrangement are not included in this table.

<sup>2</sup> Line count includes facilities-based (full- and/or partial-facilities) lines, and may include other resale lines. Line counts without this footnote are entirely other resale.

<sup>3</sup> Although 2006 annual reports do not show any competing carriers providing local voice service in the exchange, competitive status was only recently granted, effective June 16, 2007 in Case No. IO-2007-0440 based on a signed affidavit from the identified CLEC who verified the carrier is providing local voice service to two or more residential customers within this exchange using facilities it owns in whole or in part.

Exchange (Competitive Status became effective on Date)	CLEC	Lines		
		2004 Annual Report	2005 Annual Report	2006 Annual Report
	MCC Telephony of Missouri, Inc.	** **	** ** <sup>2</sup>	** ** <sup>2</sup>
	Trinsic Communications, Inc. d/b/a Z-Tel	** **	** **	** **
	CLEC Totals	** **	** **	** **
	CenturyTel MO	** **	** **	** **
Crane (03/03/06)	MCC Telephony of Missouri, Inc.	** **	** ** <sup>2</sup>	** ** <sup>2</sup>
	CLEC Totals	** **	** **	** **
	CenturyTel MO	** **	** **	** **
Cuba (06/16/07)	Big River Telephone Company, LLC	** **	** **	** ** <sup>3</sup>
	CLEC Totals	** **	** **	** **
	CenturyTel MO	** **	** **	** **
Dardenne (10/09/05)	Charter Fiberlink – Missouri, LLC	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	CLEC Totals	** **	** **	** **
	CenturyTel MO	** **	** **	** **
Forsyth (06/16/07)	MCC Telephony of Missouri, Inc.	** **	** **	** ** <sup>2</sup>
	CLEC Totals	** **	** **	** **
	CenturyTel MO	** **	** **	** **
Kimberling City (06/16/07)	MCC Telephony of Missouri, Inc.	** **	** ** <sup>2</sup>	** ** <sup>2</sup>
	CLEC Totals	** **	** **	** **
	CenturyTel MO	** **	** **	** **
Mansfield (06/16/07)	MCC Telephony of Missouri, Inc.	** **	** ** <sup>2</sup>	** ** <sup>2</sup>
	CLEC Totals	** **	** **	** **
	CenturyTel MO	** **	** **	** **

Exchange (Competitive Status became effective on Date)	CLEC	Lines <sup>1</sup>		
		2004 Annual Report	2005 Annual Report	2006 Annual Report
<b>Marshfield (03/03/06)</b>	MCC Telephony of Missouri, Inc.	** **	** ** <sup>2</sup>	** ** <sup>2</sup>
	YourTel America, Inc.	** **	** **	** **
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>O Fallon (10/09/05)</b>	Charter Fiberlink – Missouri, LLC	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>Seymour (03/03/06)</b>	MCC Telephony of Missouri, Inc.	** **	** ** <sup>2</sup>	** ** <sup>2</sup>
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>St Peters (10/09/05)</b>	Charter Fiberlink – Missouri, LLC	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>Wentzville (10/09/05)</b>	Charter Fiberlink – Missouri, LLC	** ** <sup>2</sup>	** ** <sup>2</sup>	** ** <sup>2</sup>
	Trinsic Communications, Inc. d/b/a Z-Tel	** **	** **	** **
	<b>CLEC Totals</b>	** **	** **	** **
	<b>CenturyTel MO</b>	** **	** **	** **
<b>CLEC Totals</b>		<b>19,180</b>	<b>19,552</b>	<b>24,530</b>
<b>ILEC Totals</b>		** **	** **	** **