

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
JEFFERSON CITY  
June 29, 2000**

**CASE NO: TA-2000-789**

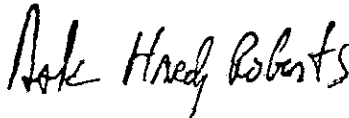
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**Enclosed find certified copy of an ORDER in the above-numbered case(s).**

**Sincerely,**



**Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge**

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 29th  
day of June, 2000.

In the Matter of the Application of KLM Long )  
Distance Company and Fiber Four Corporation to )  
Grant KLM Long Distance Company a )  
Certificate of Service Authority to Provide )  
Interexchange and Local Exchange ) **Case No. TA-2000-789**  
Telecommunications Services and for Authority ) **Tariff No. 200001084**  
to Transfer a Portion of the Assets of Fiber )  
Four Corporation Used to Provide Service to )  
Customers of KLM Long Distance Company )  
to KLM Long Distance Company )

**ORDER APPROVING INTEREXCHANGE AND NON-SWITCHED  
LOCAL EXCHANGE CERTIFICATES OF SERVICE AUTHORITY,  
ORDER APPROVING TARIFF, AND ORDER APPROVING  
TRANSFER OF ASSETS AND CANCELLATION OF CERTIFICATE**

**PROCEDURAL HISTORY OF THE  
INTEREXCHANGE AND LOCAL EXCHANGE PORTION OF THE APPLICATION**

KLM Long Distance Company (KLM) applied to the Missouri Public Service Commission (Commission) on May 26, 2000, for an order that (a) grants KLM a certificate of service authority to provide interexchange and local exchange telecommunications services in Missouri pursuant to Chapter 392 of the Missouri Revised Statutes; (b) designates KLM and the interexchange telecommunications services to be provided by KLM as competitive telecommunications services; and (c) waives certain Commission rules and statutory provisions pursuant to Section 392.420,

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RSMo, Supp. 1999<sup>1</sup>, in relation to KLM's provision of interexchange telecommunications services. KLM is an Missouri corporation, with its principal office located at 208 Ash Street, P. O. Box 112, Maitland, Missouri 64466.

The Commission issued an order directing notice on June 2, 2000, directing parties wishing to intervene to file their requests by June 22, 2000. The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence. State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). Since no one has asked permission to intervene or requested a hearing, the Commission may grant the relief requested based on the application.

KLM filed a proposed tariff in conjunction with its application and filed substitute sheets on June 23, 2000. The tariff's effective date was July 10, 2000. KLM's tariff describes the rates, rules, and regulations it intends to use, identifies KLM as a competitive company, and lists the waivers requested. KLM intends to provide interexchange and non-switched local exchange telecommunications services. KLM's local exchange authority shall be limited to the provisioning of dedicated, non-switched local exchange private line services. KLM proposes to resell one plus (1+) interexchange telecommunications services and associated operator and directory

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<sup>1</sup> All references herein to sections of the Revised Statutes of Missouri (RSMo), unless otherwise specified, are to the revision of 1994.

assistance services to business and residential customers in the Missouri exchanges of Deerfield, Rich Hill, Metz and Richards.

### Procedural History of the Transfer of Assets Portion of the Application

In the same application, Fiber Four Corporation (FFC), a Missouri corporation, joined with KLM (jointly, Applicants) in requesting the Commission to issue an order (a) granting the Applicants authority to transfer a portion of the assets of FFC, described in the asset purchase agreement attached to the application, including the name "KLM Long Distance" (KLD), the customers of KLD, and KLD's associated billed revenues and receivables, to KLM pursuant to Section 392.300; and (b) simultaneously canceling the certificate of service authority and existing tariff of FFC, granted by the Commission on August 26, 1999, in case number TA-2000-23, and approving the new tariff of KLM filed with the Applicants' joint application.

The Commission's order directing notice issued on June 2, 2000, also directed parties wishing to intervene in this part of the application to file their requests by June 22, 2000. No party intervened in this portion of the application.

### Common Procedural History

FFC stated that copies of its articles of incorporation and its certificate of corporate good standing from the Missouri Secretary of State were previously filed in case number TA-2000-23, and were incorporated by reference.

FFC stated that in addition to the private line services offered by FFC pursuant to its authority granted in case number TA-96-376, FFC currently resells interexchange telecommunications services under,

*inter alia*, the following trade name: Fiber Four Corporation d/b/a KLM Long Distance. FFC stated that a copy of its registration of the fictitious name of "KLM Long Distance" was previously filed in case number TA-2000-23 and is incorporated by reference.

In its memorandum filed on June 26, 2000, the Staff of the Commission (Staff) stated that, although KLM requested statewide authority to provide interexchange and local exchange telecommunication service, KLM proposed to provide service initially only to customers in the Deerfield, Rich Hill, Metz and Richards exchanges. Staff stated that KLM had no pending actions or final judgments or decisions against it from any state or federal agency which involved customer service or rates. Staff stated that KLM requested the same waivers as those granted to FFC. However, Staff noted, the Commission has since updated its list of waivers ordinarily granted to interexchange and local exchange companies. Staff recommended that the Commission grant KLM the waivers contained in its updated list of waivers.

Regarding the application for transfer of assets, Staff stated that FFC proposed to transfer a portion of its assets to KLM. These assets included the name "KLM Long Distance," the customers of FFC, and the associated billed revenues and receivables. Staff stated that the asset purchase agreement was attached to the joint application as Appendix D. Staff was of the opinion that the proposed transfer of assets should have no impact on the tax revenues of the political subdivisions in which the structures, facilities and equipment of the companies are located. Staff noted that according to the joint

application, KLM will provide service under the same rates, terms and conditions as are currently provided by FFC.

Staff stated that affected customers would be notified of the transfer of assets by a direct mail notice which was attached to the joint application as Appendix C. The notice, Staff said, explained the procedure for customers to use if they want to switch to another carrier.

The Staff recommended that the Commission grant KLM a certificate of service authority to provide interexchange and local exchange telecommunications services and classify the company and its services as competitive.

At the request of the Staff, KLM filed substitute tariff pages on June 23, 2000. The Staff stated that it had no objections to the proposed tariff, as amended, and recommended that the Commission approve the following tariff pages to become effective July 10, 2000: KLM Long Distance Company d/b/a P.S.C. Mo. No. 1, Original Sheets 1-42.

Staff also recommended that the Commission approve the proposed transfer of assets and cancel FFC's temporary certificate of service authority and accompanying tariff simultaneously with the approval of KLM's certificate and tariff. Staff stated that the transfer of assets was not detrimental to the public interest.

The Commission issued a notice requiring filing on June 27, 2000, because KLM had failed to include its registration of fictitious name with its application. KLM responded the same day by filing a pleading that stated that KLM does not seek a certificate using a fictitious

name, but rather seeks a certificate in its corporate and legal name, i.e., KLM Long Distance Company.

### Findings

The Commission finds that competition in the intrastate interexchange and non-switched local exchange telecommunications markets is in the public interest and KLM should be granted a certificate of service authority. The Commission finds that the services KLM proposes to offer are competitive and KLM's services should be classified as competitive. The Commission finds that waiving the statutes and Commission rules set out in the ordered paragraph below is reasonable and not detrimental to the public interest.

The Commission finds that KLM's proposed tariff details the services, equipment, and pricing it proposes to offer, and is similar to tariffs approved for other Missouri certificated interexchange and non-switched local exchange carriers. The Commission finds that the proposed tariff filed on May 26, 2000 shall be approved as amended to become effective on July 10, 2000.

The Commission has reviewed the application, the Staff's recommendation, and the official case file. The Commission finds that approval of the transfer is not detrimental to the public interest and the authority requested should be granted.

### **IT IS THEREFORE ORDERED:**

1. That KLM Long Distance Company is granted a certificate of service authority to provide intrastate interexchange

telecommunications services in the state of Missouri, subject to the conditions of certification set out above.

2. That KLM Long Distance Company is granted a certificate of service authority to provide local exchange telecommunications services in the state of Missouri limited to providing dedicated, non-switched local exchange private line services, subject to all applicable statutes and Commission rules except as specified in this order.

3. That KLM Long Distance Company and its services are classified as competitive. Application of the following statutes and regulatory rules shall be waived:

Statutes

- 392.210.2 - uniform system of accounts
- 392.240.1 - rates-rentals-service & physical connections
- 392.270 - valuation of property (ratemaking)
- 392.280 - depreciation accounts
- 392.290 - issuance of securities
- 392.300.2 - acquisition of stock
- 392.310 - stock and debt issuance
- 392.320 - stock dividend payment
- 392.340 - reorganization(s)
- 392.330, RSMo Supp. 1999 - issuance of securities, debts and notes

Commission Rules

- 4 CSR 240-10.020 - depreciation fund income
- 4 CSR 240-30.010(2)(C) - posting of tariffs
- 4 CSR 240-30.040 - uniform system of accounts
- 4 CSR 240-33.030 - minimum charges
- 4 CSR 240-35 - reporting of bypass and customer-specific arrangements

4. That the tariff filed by KLM Long Distance Company on May 26, 2000, and as amended by substitute tariff sheets filed June 23, 2000,



under tariff number 200001084, is approved as amended to become effective on July 10, 2000. The tariff approved is:

KLM Long Distance Company P.S.C. Mo. No. 1  
Original Sheets 1 - 42

5. That the application for approval of transfer filed on May 26, 2000, by KLM Long Distance Company and Fiber Four Corporation d/b/a KLM Long Distance is approved and that the parties are authorized to take any and all actions necessary to effect the transfer of assets as described in the asset purchase agreement attached to their joint application and as authorized by this order.

6. That KLM Long Distance Company and Fiber Four Corporation d/b/a KLM Long Distance shall report to the Missouri Public Service Commission within ten (10) business days of the completion of the approved transfer that such has been accomplished.

7. That the certificate of service authority and existing tariff of Fiber Four Corporation d/b/a KLM Long Distance, granted by the Missouri Public Service Commission on August 26, 1999, in case number TA-2000-23, is canceled.

8. That nothing in this order shall be considered a finding by the Missouri Public Service Commission of the value for ratemaking purposes of the transactions herein involved.

9. That the Missouri Public Service Commission reserves the right to consider any ratemaking treatment to be afforded the transactions herein involved in a later proceeding.

10. That this order shall become effective on July 11, 2000.

**BY THE COMMISSION**



**Dale Hardy Roberts**  
**Secretary/Chief Regulatory Law Judge**

( S E A L )

Drainer, Murray, Schemenauer,  
and Simmons, CC., concur  
Lumpe, Ch., absent

Hopkins, Senior Regulatory Law Judge

Att/Sec'y: Hopkins (Mills) / Boye

Date Circulated 6-22 )  
CASE NO. TH-2000-789

Abant  
Lumpke, Chair

000 04,7  
Draimer, Vice Chair

me  
Murray, Commissioner

RR  
Schemenauer, Commissioner

KS  
Stannons, Commissioner

6-29  
Agenda Date

Action taken: H-OAS

Must Vote Not Later Than \_\_\_\_\_

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

I have compared the preceding copy with the original on file in this office and  
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,  
Missouri, this 29<sup>th</sup> day of June 2000.

Dale Hardy Roberts

Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge

