

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 1st
day of June, 2000.

In the Matter of the Application of QWEST)
COMMUNICATIONS CORPORATION, for a Certificate)
of Authority to Provide Basic Local Exchange) Case No. TA-2000-309
Intrastate Telecommunications Services Within)
the State of Missouri.)

ORDER GRANTING CERTIFICATE TO PROVIDE
BASIC LOCAL TELECOMMUNICATIONS SERVICES

Procedural History

QWEST COMMUNICATIONS CORPORATION (QWEST or Applicant) applied to the Commission on October 29, 1999, for a certificate of service authority to provide competitive basic local telecommunications services in the State of Missouri pursuant to Sections 392.430, 392.440, RSMo 1994, and 392.450 and 392.451, RSMo Supp. 1999. QWEST requested competitive classification and an order waiving certain Commission rules and statutory provisions pursuant to the federal Telecommunications Act of 1996. QWEST seeks to provide its services throughout all exchanges currently served by the incumbent local exchange telecommunications companies of Southwestern Bell Telephone Company (SWBT), Sprint/United Telephone Company (Sprint), and GTE Midwest, Inc. (GTE).

Applicant is a Delaware Corporation registered to transact business in Missouri, with its principal offices located at 555 Seventeenth Street, Denver, Colorado 80202. Applicant seeks classification as a

competitive company and waiver of certain statutes and rules as authorized by Sections 392.361 and 392.420, RSMo¹.

The Commission issued a notice and schedule of applicants on November 2, 1999, directing interested parties wishing to intervene to do so by December 2, 1999. SWBT filed a timely application to intervene on December 1, 1999. The Commission granted intervention in an order issued on December 8, 1999.

Applicant, SWBT and the Staff of the Missouri Public Service Commission (Staff) entered into and filed a Stipulation and Agreement (Agreement), which is included with this order as Attachment 1, on January 7, 2000. In the Agreement, the parties waived their rights to present testimony, cross-examine witnesses, present oral argument or briefs, and to seek rehearing or judicial review. The Staff filed *Suggestions in Support of the Stipulation and Agreement* on January 12, 2000.

On February 1, 2000, the Commission issued its Order Directing Additional Staff Review and Directing Filing. Specifically, the Commission requested additional information from the Applicant and from Staff regarding service and marketing complaints involving the Applicant. In response, Staff filed its report on March 9, 2000. QWEST responded on March 21, 2000. Staff filed its Supplemental Suggestions on April 4, 2000. QWEST responded to those suggestions on May 10, 2000.

¹ All statutory references are to the Revised Statutes of Missouri, 1994, unless otherwise indicated.

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 requested a hearing in this case, the Commission may grant the relief requested based on the application.

Discussion

Applicant seeks certification to provide basic local exchange telecommunications services on a resold basis in portions of Missouri that are currently served by SWBT, GTE and Sprint. Applicant is not asking for certification in any area that is served by a small incumbent local exchange provider. Applicant proposes to provide service in the exchanges currently served by SWBT, GTE and Sprint as listed in those companies' Missouri local exchange tariffs. Applicant listed these exchanges in Exhibit D to its application.

Applicant is requesting that its basic local services be classified as competitive and that the application of certain statutes and regulatory rules be waived.

A. Requirements of 4 CSR 240-2.060(4)

Commission Rule 4 CSR 240-2.060(4) requires a foreign corporation applying for certification to provide telecommunications services in Missouri to include in its application a certificate from the Missouri Secretary of State showing that it is authorized to do business in Missouri, a description of the types of service it intends to provide, a

description of the exchanges where it will offer service, and a proposed tariff with at least a 45-day effective date.

The Applicant has requested a temporary waiver of the tariff filing requirements. No party to this proceeding has objected. The parties have agreed to certain conditions for this waiver. Applicant has agreed to submit its tariff for Commission approval within 30 days of the effective date of any order approving its interconnection agreement with an underlying carrier with such tariffs having a minimum 45-day effective date. Upon filing such tariffs, the Applicant shall notify the parties to this proceeding and provide copies upon request. Certain additional written disclosures are also to occur upon the filing of an initial tariff. Applicant has agreed to file with the Commission and provide all the parties to this proceeding a written disclosure of all interconnection agreements that affect its Missouri service areas; disclose all portions of its Missouri service area for which it does not have interconnection agreements with an incumbent local exchange carrier; and provide its explanation of why an interconnection agreement for such areas is not necessary.

B. Basic Local Service Certification

Section 392.455, RSMo Supp. 1999, sets out the requirements for granting certificates to provide basic local telecommunications service to new entrants. A new entrant must: (1) possess sufficient technical, financial and managerial resources and abilities to provide basic local telecommunications service; (2) demonstrate that the services it proposes to offer satisfy the minimum standards established by the Commission;

(3) set forth the geographic area in which it proposes to offer service and demonstrate that such area follows exchange boundaries of the incumbent local exchange telecommunications company and is no smaller than an exchange; and (4) offer basic local telecommunications service as a separate and distinct service. In addition, the Commission must give due consideration to equitable access for all Missourians to affordable telecommunications services, regardless of where they live or their income.

Applicant submitted as Exhibit E to its application a copy its Form 10-K and its 1998 annual report. These materials demonstrate that the Applicant has sufficient technical, financial and managerial resources and abilities to provide basic local telecommunications service. The parties also agreed, and did not controvert, that Applicant presented evidence of sufficient technical, financial and managerial resources and abilities to provide basic local telecommunications service.

Applicant has agreed to provide services that will meet the minimum basic local service standards required by the Commission, including quality of service and billing standards. The parties agreed that Applicant proposes to offer basic local services that satisfy the minimum standards established by the Commission.

Applicant wishes to be certificated to offer services in all the exchanges presently served by SWBT, GTE and Sprint as described in the basic local exchange tariffs of those companies. The parties agreed that Applicant has sufficiently identified the geographic area in which it proposes to offer basic local service and that the area follows the

incumbent local exchange carrier's exchange boundaries and is no smaller than an exchange.

Applicant has agreed to offer basic local telecommunications service as a separate and distinct service and to provide equitable access, as determined by the Commission, for all Missourians within the geographic area in which it will offer basic local services in compliance with Section 392.455, RSMo Supp. 1999.

C. Competitive Classification

The Commission may classify a telecommunications provider as a competitive company if the Commission determines it is subject to sufficient competition to justify a lesser degree of regulation. Section 392.361.2, RSMo. In making that determination, the Commission may consider such factors as market share, financial resources and name recognition, among others. In the Matter of the Investigation for the Purpose of Determining the Classification of the Services Provided by Interexchange Telecommunications Companies Within the State of Missouri, 30 Mo. P.S.C. (N.S.) 16 (1989); In the Matter of Southwestern Bell Telephone Company's Application for Classification of Certain Services as Transitionally Competitive, 1 Mo. P.S.C. 3d 479, 484 (1992). The Commission has found that whether a service is competitive is a subject for case-by-case examination and that different criteria may be given greater weight depending upon the service being considered. *Supra*, 1 Mo. P.S.C. 3rd at 487. In addition, all the services a competitive company provides must be classified as competitive. Section 392.361.3, RSMo.

The parties have agreed that Applicant should be classified as a competitive telecommunications company. The parties have also agreed that Applicant's switched exchange access services may be classified as a competitive service, conditioned upon certain limitations on Applicant's ability to charge for its access services. Applicant has agreed that, unless otherwise ordered by the Commission, its originating and terminating access rates will be no greater than the lowest Commission-approved corresponding access rates in effect for the large incumbent LEC(s) within those service areas(s) in which Applicant seeks to operate. The parties have agreed that the grant of service authority and competitive classification to Applicant should be expressly conditioned on the continued applicability of Section 392.200, RSMo Supp. 1999, and on the requirement that any increases in switched access services rates above the maximum switched access service rates set forth in the agreement must be cost-justified pursuant to Sections 392.220, RSMo Supp. 1999, and 392.230, rather than Sections 392.500 and 392.510.

The parties agreed that waiver of the following statutes is appropriate: Sections 392.210.2, 392.270, 392.280, 392.290.1, 392.300.2, 392.310, 392.320, 392.330, RSMo Supp. 1999, and 392.340. The parties also agreed that application of these Commission rules could be waived: 4 CSR 240-10.020, 4 CSR 240-30.040, and 4 CSR 240-35.

D. Customer Service and Marketing

In response to the Commission's February 1, 2000, order, QWEST and Staff provided information listing pending or formal complaints and final decisions and judgments against QWEST or its affiliates since 1998. These

matters primarily involve slamming. QWEST further explained new policies and procedures it had implemented to control slamming.

Staff described the positive steps taken by the company, that included terminating relationships with sales agents who were associated with slamming complaints, background checks of prospective sales agents, forbidding the use of contests and certain other marketing techniques, and charging back commissions and fees if sales agents fail to respond promptly to slamming disputes.

QWEST is also doing more to validate service provider change orders, using customer welcoming postcards to verify proper orders and using technology and data bases to detect and prevent marketing abuses.

Staff stated that QWEST's service provider change procedures were consistent with 4 CSR 240-33.150. In a proposed two-year Slamming Compliance Plan submitted to the Federal Communications Commission (FCC), QWEST indicated that it intended to obtain independent annual audits of its anti-slamming reporting and data tracking mechanisms. In its Supplemental Suggestions filed on April 4, 2000, Staff recommended approval of QWEST's application conditioned upon QWEST providing the anti-slamming audit reports to Staff.

On May 10, 2000, QWEST filed its Response to Staff's Supplemental Suggestions and proposed a specific reporting requirement to the Missouri Public Service Commission in lieu of providing the anti-slamming audit reports that were to be prepared for QWEST's Board of Directors only. QWEST indicated that this alternative was acceptable to the Staff.

The Commission issued its Order Directing Filing that directed Staff to file its response to QWEST's proposal no later than May 23, 2000. The order also provided an opportunity for any other party to file a response to the proposal by QWEST.

The Staff filed its response as directed on May 23, 2000. Staff confirmed that QWEST's proposal was acceptable. None of the parties to this case or the Office of the Public Counsel filed a response and no objections to QWEST's application have been filed.

E. Proposed Tariff

As noted above, the Applicant has requested a temporary waiver of the tariff filing requirements.

Findings of Fact

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

- A. The Commission finds that competition in the basic local exchange telecommunications market is in the public interest.
- B. The Commission finds that Applicant has met the requirements of 4 CSR 240-2.060(4) for applicants for certificates of service authority to provide telecommunications services or requested an appropriate waiver.
- C. The Commission finds that Applicant meets the statutory requirements for provision of basic local telecommunications services and has agreed to abide by those requirements in the

future. The Commission determines that granting Applicant a certificate of service authority to provide basic local exchange telecommunications services is in the public interest. Applicant's certificate shall become effective when its tariff becomes effective.

- D. The Commission finds that Applicant is a competitive company and should be granted waiver of the statutes and rules set out in the ordered paragraph below.
- D. The Commission finds that Applicant's certification and competitive status should be expressly conditioned upon the continued applicability of Section 392.200, RSMo Supp. 1999, and on the requirement that any increases in switched access services rates above the maximum switched access service rates set forth in the agreement must be cost-justified pursuant to Sections 392.220, RSMo Supp. 1999, and 392.230, rather than Sections 392.500 and 392.510.
- E. The Commission finds that the approval of the application shall be conditioned upon QWEST's submission to Staff of a series of reports concerning QWEST's resolution of slamming problems.
- F. The Commission finds that a temporary waiver of the requirement to file a tariff under 4 CSR 240-2.060(4)(H), as requested and agreed to by the parties, shall be granted; provided, however, that this case shall not be held open pending the filing of tariffs.

Conclusions of Law

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

The Commission has the authority to grant certificates of service authority to provide telecommunications service within the state of Missouri. Applicant has requested certification under Sections 392.420 - .440, and Sections 392.410 and .450, RSMo Supp. 1999, which permit the Commission to grant a certificate of service authority where it is in the public interest. Sections 392.361 and .420 authorize the Commission to modify or suspend the application of its rules and certain statutory provisions for companies classified as competitive or transitionally competitive.

The federal Telecommunications Act of 1996 and Section 392.455, RSMo Supp. 1999, were designed to institute competition in the basic local exchange telecommunications market in order to benefit all telecommunications consumers. See Section 392.185, RSMo Supp. 1999. The Commission has the legal authority to accept a Stipulation and Agreement as offered by the parties as a resolution of the issues raised in this case, pursuant to Section 536.060, RSMo Supp. 1999. Based upon the Commission's review of the applicable law and Stipulation and Agreement of the parties, and upon its findings of fact, the Commission concludes that the Stipulation and Agreement should be approved. However, QWEST shall be required to provide Staff a series of reports concerning QWEST's resolution of slamming problems.

IT IS THEREFORE ORDERED:

1. That the Stipulation and Agreement of the parties, filed on January 7, 2000, is approved.

2. That QWEST COMMUNICATIONS CORPORATION is granted a certificate of service authority to provide basic local telecommunications services in the state of Missouri, subject to the conditions of certification set out in this order and to all applicable statutes and Commission rules except as specified in this order. The certificate of service authority shall become effective when the company's tariff becomes effective.

3. That QWEST COMMUNICATIONS CORPORATION shall provide a series of reports concerning QWEST's resolution of slamming problems to the Commission's Staff. Specifically, QWEST will submit reports on six-month intervals for a period of three years as described and illustrated in its Response to Staff's Supplemental Suggestions filed on May 10, 2000.

4. That QWEST COMMUNICATIONS CORPORATION is classified as a competitive telecommunications company. Application of the following statutes and regulatory rules shall be waived:

Statutes

392.210.2 - uniform system of accounts
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 240-30.040 - uniform system of accounts
- 4 CSR 240-35 - reporting of bypass and
customer-specific arrangements

5. That QWEST COMMUNICATIONS CORPORATION's certification and competitive status are expressly conditioned upon the continued applicability of Section 392.200, RSMo Supp. 1999, and on the requirement that any increases in switched access service rates above the maximum switched access service rates set forth in the agreement must be cost-justified pursuant to Sections 392.220, RSMo Supp. 1999, and 392.230, rather than Sections 392.500 and 392.510.

6. That the request of QWEST COMMUNICATIONS CORPORATION for a temporary waiver of 4 CSR 240-2.060(4)(H) regarding its tariff filing is granted.

7. That QWEST COMMUNICATIONS CORPORATION shall file tariff sheets with a minimum 45-day effective date within 30 days of the effective date of a Commission order approving an interconnection agreement with an underlying carrier.

8. That QWEST COMMUNICATIONS CORPORATION shall give notice of the filing of the tariffs described above to all parties or participants in this case. In addition, the company shall also file a written disclosure of all interconnection agreements that affect its Missouri service areas, all portions of its Missouri service areas for which it does not have an interconnection agreement, and an explanation of why no interconnection agreement is unnecessary for those areas.

9. That this order shall become effective on June 13, 2000.

10. That this case may be closed on June 14, 2000.

BY THE COMMISSION

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive, slightly slanted style.

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

Thornburg, Regulatory Law Judge

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

FILED

JAN 7 2000

Missouri Public
Service Commission

In the matter of the Application of)
QWEST COMMUNICATIONS CORPORATION)
for a Certificate of Authority)
to Provide Basic Exchange and Local Exchange) Case No. TA-2000-309
Intrastate Telecommunications Services within)
the State of Missouri.)

STIPULATION AND AGREEMENT

QWEST COMMUNICATIONS CORPORATION (hereinafter "QWEST,") initiated this proceeding on October 29, 1999 by filing an Application requesting certificate of service authority to provide basic local exchange and local exchange services in exchanges currently served by Southwestern Bell Telephone Company, GTE of the Midwest, Inc. (GTE) and Sprint Missouri (Sprint).

Southwestern Bell Telephone Company (SWB) applied to intervene in this matter and its application was granted.

A. STANDARDS AND CRITERIA

1. The parties employed the following standards and criteria, which are intended to meet the requirements of existing law, particularly Sections 392.450 and 392.455, RSMo. Cum Supp. 1998 regarding applications for certificates of local exchange service authority to provide or resell basic local telecommunications service, in negotiating the provisions of this Stipulation and Agreement.

2. For purposes of this Stipulation and Agreement, the parties agree that applications for local exchange and basic local exchange service authority in exchanges served by "large" local exchange companies (LECs)¹ should be processed in a manner similar to that in which applications

¹Large LECs are defined as LECs who serve 100,000 or more access lines. Section 386.020 RSMo. Supp. 1998. In Missouri, the current large LECs are SWBT, GTE and Sprint.

for interexchange authority are currently handled.

3. In determining whether QWEST's application for certificate of service authority should be granted, the Commission should consider QWEST's technical, financial and managerial resources and abilities to provide basic local telecommunications service. QWEST must demonstrate that the basic local services it proposes to offer satisfy the minimum standards established by the Commission, including but not limited to the applicant agreeing to file and maintain basic local service tariff(s) with the Commission in the same manner and form as the Commission requires of incumbent local exchange telecommunications companies with which applicant seeks to compete. Further, QWEST must agree to meet the minimum basic local service standards, including quality of service and billing standards, as the Commission requires of the incumbent local exchange telecommunications companies with which the applicant seeks to compete. Notwithstanding the provisions of Section 392.500 RSMo (1994), as a condition of certification and competitive classification, QWEST agrees that, unless otherwise ordered by the Commission, its originating and terminating access rates will be no greater than the lowest Commission approved corresponding access rates in effect for the large incumbent LEC(s) within those service area(s) applicant seeks authority to provide service. Further, QWEST agrees to offer basic local telecommunications service as a separate and distinct service and must sufficiently identify the geographic service area in which it proposes to offer basic local service. Such area must follow exchange boundaries of the incumbent local exchange telecommunications companies in the same area and must be no smaller than an exchange. Finally, QWEST agrees to provide equitable access as determined by the Commission for all Missourians within the geographic area in which it proposes to offer basic local service, regardless of where they live or their income, to affordable telecommunications services. See Section 392.455 RSMo Cum. Supp. 1998.

4. QWEST submitted its application without tariffs and seeks a temporary waiver of 4 CSR 240-2.060(4)(H).² QWEST has agreed to file its initial tariff(s) in the certification docket and serve all parties thereto with written notice at the time the initial tariff(s) are submitted to afford them an opportunity to participate in the tariff approval process. Copies of the tariff(s) will be provided by QWEST to such parties immediately upon request. Any service authority shall be regarded as conditional and shall not be exercised until such time as tariff(s) for services have become effective. When filing its initial basic local tariff, QWEST shall also file and serve a written disclosure of all interconnection agreements which affect its Missouri service areas, all portions of its Missouri service areas for which it does not have an interconnection agreement with the incumbent local exchange carrier; and its explanation of why such an interconnection agreement is unnecessary for such areas.

5. QWEST has, pursuant to §392.420 RSMo. requested that the Commission waive the application of any or all of the following statutory provisions and rules to basic local telecommunications services, and the parties agree that the Commission should grant such request provided that Section 392.200 RSMo should continue to apply to all of QWEST's services:

STATUTORY PROVISIONS

§392.210.2
§392.270
§392.280
§392.290.1
§392.300.2
§392.310
§392.320
§392.330
§392.340

²Good cause for failure to file proposed tariffs with the Application must be shown. The lack of an approved interconnection agreement (47 USC §252) constitutes good cause.

COMMISSION RULES

4 CSR 240-10.020

4 CSR 240-30.040

4 CSR 240-35

B. QWEST CERTIFICATION

6. QWEST hereby agrees that its application should be deemed amended to include by reference the terms and provisions described in paragraphs 3-4 hereinabove.

7. Based upon its verified application, as amended, QWEST asserts, and no party makes a contrary assertion, that there is sufficient evidence from which the Commission can find and conclude that QWEST:

- a. possesses sufficient technical, financial and managerial resources and abilities to provide basic local telecommunications service and local exchange telecommunications service, including exchange access service;
- b. proposes and agrees to offer basic local services that satisfy the minimum standards established by the Commission;
- c. has sufficiently identified the geographic area in which it proposes to offer basic local service and such area follows exchange boundaries of the incumbent local exchange telecommunications companies in the same areas, and such area is no smaller than an exchange;³
- d. will offer basic local telecommunications service as a separate and distinct service;
- e. has agreed to provide equitable access for all Missourians as determined by the Commission for all Missourians within the geographic area in which it proposes to offer basic local service, regardless of where they live or their income, to affordable telecommunications services;⁴

³ The identification of specific geographic areas within which QWEST proposes to offer service as referred to in this paragraph shall not be construed to foreclose QWEST from petitioning the Commission pursuant to Section 392.200.4 and .8, RSMo.

⁴ The agreement in Paragraph 7. e. of this Stipulation and Agreement is without prejudice to QWEST's right to appear, after proper application and in accord with Commission rules and regulations, in any rulemaking proceeding or other proceeding regarding the Commission's considerations of equitable access under Section 392.455.(5),

f. has sought authority which will serve the public interest.

8. QWEST asserts, and no party opposes, that QWEST's application and request for authority to provide basic local telecommunications services and local exchange telecommunications services (including exchange access service) should be granted. All services authorized herein should be classified as competitive telecommunications services provided that the requirements of Section 392.200 continue to apply, and QWEST shall remain classified as a competitive telecommunications company. QWEST asserts, and no party opposes, such services will be subject to sufficient competition by the services of the incumbent LECs to justify a lesser degree of regulation of QWEST's services consistent with the protection of ratepayers and the promotion of the public interest. Such classification should become effective upon the tariffs for the services becoming effective. Such authority should be conditional, not to be exercised until such time as tariffs for those services have been filed (together with the written disclosure as stipulated above) and have become effective. The Commission's Order should state the foregoing conditions substantially as follows:

"The service authority and service classification herein granted are subject to the requirements of Section 392.200 and are conditional and shall not be exercised until such time as tariffs for services have become effective."

The parties agree that the applicant's switched exchange access services may be classified as competitive services. The parties further agree that the applicant's switched exchange access services are subject to Section 392.200. Any increases in switched access service rates above the

RSMo. Furthermore, such agreement should not be construed as an admission or conclusion by QWEST that Section 392.455.(5), RSMo. creates new or specific duties or obligations on telecommunications companies to provide equitable access.

maximum switched access service rates as set forth in paragraph 3 herein shall be cost-justified and be made pursuant to Sections 392.220 and 392.230 and not 392.500 and 392.510. The Commission's order should state the foregoing conditions substantially as follows:

"The service authority and service classification for switched exchange access granted herein is expressly conditioned on the continued applicability of Section 392.200 and the requirement that any increases in switched access service rates above the maximum switched access service rates set forth herein shall be cost-justified and pursuant to Sections 392.220 and 392.230 and not Sections 392.500 and 392.510."

9. QWEST's request for a waiver of 4 CSR 240-2.060(4)(H), which requires applications to include a proposed tariff with a 45-day effective date, is not opposed by the parties and should be granted because at the time of its application, it did not yet have approved interconnection agreements with any underlying carriers. QWEST agrees that within thirty (30) days of an order approving an interconnection agreement with an underlying carrier, QWEST will submit tariffs in this docket, with a minimum 45-day proposed effective date, to the Commission for its approval, together with the written disclosure as stipulated above. QWEST shall serve notice to all parties and participants in this docket of the filing of its tariffs at the time they are filed with the Commission and serve them with the aforesaid written disclosure and shall upon request immediately provide any party with a copy of those tariffs. The Commission's order should state these obligations as conditions to the waiver of 4 CSR 240-2.060(4)(H), substantially as follows:

"Applicant's request for temporary waiver of 4 CSR 240-2.060(4)(H) is hereby granted. Within thirty (30) days of the effective date of an order approving its interconnection agreement with and underlying carrier, Applicant shall submit its tariffs for Commission approval. Such tariffs shall have a minimum of a 45-day effective date and the applicant shall serve written notice upon the parties hereto of such submittal, and shall provide copies of such tariffs to such parties immediately upon request. When filing its initial basic local tariff in this docket, the applicant shall also file and serve upon the parties hereto a written disclosure of: all interconnection agreements which affect its Missouri service areas; all portions of its Missouri service areas for which it does not have an interconnection agreement with the incumbent local exchange carrier; and its explanation of why such an

interconnection agreement is unnecessary for any such areas."

10. QWEST's request for waiver of the application of the following rules and statutory provisions as they relate to the regulation of QWEST's services should be granted:

STATUTORY PROVISIONS

§392.210.2
§392.270
§392.280
§392.290.1
§392.300.2
§392.310
§392.320
§392.330
§392.340

COMMISSION RULES

4 CSR 240-10.020
4 CSR 240-30.040
4 CSR 240-35

11. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not adopt this Stipulation in total, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof. The Stipulations herein are specific to the resolution of this proceeding, and all stipulations are made without prejudice to the rights of the signatories to take other positions in other proceedings.

12. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties and participants waive, with respect to the issues resolved herein: their respective rights pursuant to §536.080.1, RSMo 1994, to present testimony, to cross examine witnesses, and to present oral argument or written briefs; their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, RSMo 1994; and their respective rights to

seek rehearing pursuant to §386.500 RSMo 1994 and to seek judicial review pursuant to §386.510, RSMo 1994. The parties agree to cooperate with the Applicant and with each other in presenting this Stipulation and Agreement for approval to the Commission and shall take no action, direct or indirect, in opposition to the request for approval of the QWEST application made herein.

13. The Staff may submit a Staff Recommendation concerning matters not addressed in this Stipulation. In addition, if requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Stipulation and Agreement. Each party of record and participant herein shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's memorandum, a responsive memorandum which shall also be served on all parties and participants. All memoranda submitted by the parties shall be considered privileged in the same manner as settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all parties and participants, and shall not become a part of the record of this proceeding or bind or prejudice the party submitting such memorandum in any future proceeding or in this proceeding whether or not the Commission approves this Stipulation and Agreement. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to the Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

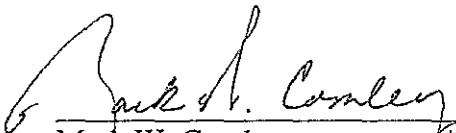
The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties and participants with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral

explanation shall be subject to public disclosure.

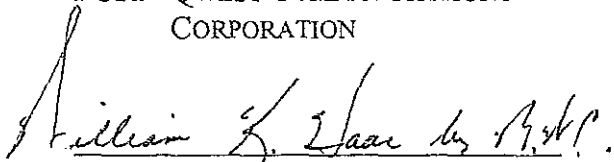
14. Finally, QWEST will comply with all applicable Commission rules and regulations except those which are specifically waived by the Commission.

WHEREFORE, the signatories respectfully request the Commission to issue its Order approving the terms of this Stipulation and Agreement and issue its Order granting authority and classification as requested by QWEST, subject to the conditions described above.


Respectfully submitted,


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