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

In the Matter of the Joint Application of)	
GTE Arkansas Incorporated and CenturyTel of)	
Northwest Arkansas LLC for Authority to)	
Transfer and Acquire Part of GTE Arkansas)	
Incorporated's Franchise, Facilities or)	<u>Case No. TM-2000-471</u>
System Located in the State of Missouri)	Tariff No. 200000999
and for Issuance of Certificates of Service)	
Authority to CenturyTel of Northwest)	
Arkansas LLC.)	

**ORDER APPROVING TRANSFER OF ASSETS AND GRANTING
CERTIFICATE OF SERVICE AUTHORITY**

On February 1, 2000, GTE Arkansas Incorporated (GTE) and CenturyTel of Northwest Arkansas LLC (CenturyTel) filed a joint application for authority for GTE to sell to CenturyTel part of GTE's franchise, facilities and system located in Missouri. CenturyTel also seeks a certificate of service authority authorizing it to provide local exchange telecommunications services, including basic local and interexchange telecommunications service, in two exchanges which include a total of approximately 800 access lines that serve customers physically located in Missouri. The two exchanges are the Pea Ridge, Arkansas, exchange which extends into McDonald County, Missouri, and the Seligman exchange that extends into Barry County, Missouri. Upon the closing of this transaction, GTE proposes to discontinue the provision of telecommunications services in the two enumerated Missouri exchanges, and CenturyTel proposes to commence the provision of telecommunications services in those exchanges.

GTE is a Delaware corporation with its principal office and place of business located at 214 South Denver, Russelville, Arkansas 72801. CenturyTel is a Louisiana limited liability company authorized to do business in Missouri, and its principal office and place of business is located at 100 Century Park Drive, Monroe, Louisiana 71203. CenturyTel is owned by CenturyTel, Inc., a Louisiana corporation.

The Commission issued an Order Directing Notice on February 16, 2000, that provided notice of the joint application to the county clerk of each Missouri county containing all or part of any affected exchange, to the members of the General Assembly who represent those counties, and to the newspapers that serve those counties. The Order and Notice provided that any person wishing to intervene should file an application with the Commission on or before March 16, 2000. Notice was also sent to all basic local and local exchange telecommunications companies in Missouri on February 15, 2000, and February 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.

On June 9, 2000, the Staff of the Commission (Staff) filed a Recommendation and Memorandum concerning the joint application. Pursuant to 4 CSR 240-2.080(16), parties are allowed not more ten days in which to

respond to any pleading unless otherwise ordered by the Commission. No party has filed a response to Staff's Recommendation and Memorandum.

Staff's Memorandum examines the proposed transaction and concludes that it will not be detrimental to the public interest and will not harm GTE's customers in the exchanges being sold. Staff recommends that the Commission approve the sale of the Missouri system assets to CenturyTel. Staff also recommends that GTE be authorized to discontinue providing telecommunications services in the sold exchanges as of the date of the transfer.

The Memorandum addresses CenturyTel's request for certificates of authority to provide basic local, local exchange and interexchange telecommunications service. CenturyTel's application indicates that it proposes no immediate change in the rates, terms and conditions of the service that GTE currently provides to the customers in the exchanges in question. CenturyTel has filed a proposed tariff for the exchanges involved which is substantially similar to the existing GTE tariff. Staff concludes that CenturyTel will continue to provide the same rates and level of service that has been provided by GTE. Staff also states that based on its analysis of the managerial and technical ability of CenturyTel, Staff has concluded that CenturyTel appears to have the financial ability to raise sufficient capital at reasonable rates to operate the company. Staff recommends the Commission approve CenturyTel's application for certificates of service authority to provide basic local, local exchange, and interexchange telecommunications service. Staff suggests that the

certificates should become effective on the same date CenturyTel's proposed tariff becomes effective.

Staff notes that based on GTE's stated intent to discontinue providing telecommunications services in the affected exchanges, GTE needs to file a proposed tariff to remove from GTE's tariff any and all references to the provisioning of basic local exchange, local exchange, and interexchange telecommunications services to the exchanges being sold to CenturyTel. Staff suggests that the Commission direct GTE to file its proposed tariff with the same effective date as CenturyTel's proposed tariff. In addition, the Memorandum discusses the agreement (Attachment 2 to the Memorandum) between CenturyTel and the Office of the Public Counsel (Public counsel) regarding CenturyTel's commitment to develop an expanded calling plan. The Staff concurs with the agreement's steps and commitments.

Staff recommends as a condition of this transaction that a deferred income tax provision be recognized for the Missouri properties. Staff contends that this provision would ensure that there would be no financial detriment to Missouri ratepayers as a result of the loss of GTE's regulated accumulated deferred tax reserve, as well as deferred tax credits.

The Commission has reviewed the application, the accompanying documentation, and Staff's Recommendation and Memorandum, and finds that the proposed transfer of assets will have no adverse impact on the Missouri customers of GTE. The Commission finds that the proposed transaction is not detrimental to the public interest and should be approved, subject to

the conditions recommended by Staff. The Commission further finds that CenturyTel should be granted certificates of service authority to provide basic local, local exchange and interexchange telecommunications service. In addition, the Commission concludes that GTE shall be directed to file, as soon as possible, a proposed tariff to remove from its tariff any and all references to the provisioning of basic local exchange, local exchange, and interexchange telecommunications services to the exchanges being sold to CenturyTel. The Commission also finds that a deferred income tax provision shall be recognized for the Missouri properties.

IT IS THEREFORE ORDERED:

1. That the transfer and acquisition by CenturyTel of Northwest Arkansas LLC of part of GTE Arkansas Incorporated's franchise, facilities, and system used in providing service to the public in the Missouri exchanges listed in the Joint Application, and shown on the exchange boundary maps marked as Exhibit 5 to the application, is approved.

2. That the Commission should approve CenturyTel of Northwest Arkansas LLC's proposed tariff with an effective date of July 1, 2000. The specific tariff sheets approved are as follows:

PSC MO. NO. 1

Section 1, Original Sheets 1 through 13
Section 2, Original Sheets 1 through 2
Section 3, Original Sheets 1 through 14
Section 4, Original Sheets 1 through 21
Section 5, Original Sheets 1 through 58
Section 6, Original Sheets 1 through 13
Section 7, Original Sheets 1 through 72
Section 8, Original Sheets 1 through 5
Section 9, Original Sheets 1 through 13
Section 10, Original Sheets 1 through 3
Section 11, Original Sheets 1 through 5
Section 49, Original Sheets 1 through 5

3. That CenturyTel of Northwest Arkansas LLC is granted certificates of service authority to provide basic local, local exchange, and interexchange telecommunications service. Such certificates of service authority shall become effective on July 1, 2000, the date the proposed tariff of CenturyTel of Northwest Arkansas LLC becomes effective.

4. That GTE Arkansas Incorporated is directed to file, by June 29, 2000, proposed tariff sheets to remove from the tariff of GTE Arkansas Incorporated, any and all references to the provisioning of basic local exchange, local exchange, and interexchange telecommunications services to the exchanges being sold to CenturyTel of Northwest Arkansas LLC.

5. That GTE Arkansas Incorporated is authorized to discontinue providing telecommunications services in the Missouri exchanges listed in the Joint Application, and shown on the exchange boundary maps marked as Exhibit 5 to the application, effective upon the transfer of those exchanges to CenturyTel of Northwest Arkansas LLC and the effective date of the implementing tariffs.

6. That a deferred income tax provision shall be recognized for the Missouri properties in order to ensure that there is no financial detriment to Missouri ratepayers as a result of the loss of GTE Arkansas Incorporated's regulated accumulated tax reserve, as well as deferred tax credits.

7. That this order shall become effective on July 1, 2000.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Vicky Ruth, Regulatory Law Judge,
by delegation of authority pursuant
to 4 CSR 240-2.120(1) (November 30,
1995) and Section 386.240, RSMo 1994.

Dated at Jefferson City, Missouri,
on this 22nd day of June, 2000.