

R40 Binder

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 17th
day of June, 1988.

In the matter of the investigation
into WATS resale by hotels/motels.

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Case No. TO-84-222

In the matter of the investigation
into WATS resale applications for
certificates of public convenience
and necessity.

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Case No. TO-84-223

In the matter of the investigation
into the reasonableness of permitting
competition in the intraLATA telecom-
munications market in Missouri.

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Case No. TC-85-126

In the matter of the Missouri interLATA
access charge and intraLATA toll pool.

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Case No. TO-85-130

ORDER DENYING MOTIONS TO SUSPEND

On October 23, 1987, the Commission issued its Report And Order in the
above-styled matters and on December 11, 1987, the Commission issued its Order Of
Clarification And Denying Rehearing. The Commission's orders adopted a Conceptual
Framework establishing a Primary Toll Carrier Plan consisting of five Primary Toll
Carriers (PTCs) to replace the intraLATA toll pool.

The Commission's December 11 order set July 1, 1988, as the implementation
date for the Conceptual Framework. The new tariffs implementing the Plan are to
maintain revenue neutrality, and the PTCs are allowed to reflect certain NTS cost
shifts from the intraLATA toll pool to vertical/discretionary services and/or service

connection charges and/or toll charges or other revenue sources not including access rates.

On May 2, 1988, the local exchange companies (LECs) filed with the Commission tariff revisions to implement the Conceptual Framework.

On June 2, 1988, MCI Telecommunications Corporation (MCI) filed a Motion To Consolidate, Suspend, And Reject Or Modify Tariffs. CompTel of Missouri (CompTel) and AT&T Communications of the Southwest, Inc. (AT&T) have filed motions to suspend the tariffs echoing the concerns set out in MCI's motion.

On June 9, 1988, the following parties filed replies opposing MCI's motion: Staff; the Office of the Public Counsel; Southwestern Bell Telephone Company; United Telephone Company of Missouri; GTE North Incorporated; Contel of Missouri, Inc.; Contel System of Missouri, Inc.; Webster County Telephone Company; Fidelity Telephone Company; and the Small Missouri Telephone Group, consisting of 39 telephone companies.

Oral argument was held on MCI's motion to suspend on June 14, 1988. All of the above-named parties were represented at the oral argument.

On June 15, 1988, US Sprint Communications Company (US Sprint) filed a late-filed response to MCI's motion. US Sprint requests the Commission to modify the tariffs or in the alternative open an investigation concerning discount access charges, CABS billing and intraLATA 800 service.

On June 16, 1988, the Staff filed its Memorandum analyzing the reasonableness of the proposed tariffs with respect to compliance with the Commission's orders in these cases. Staff's Memorandum states that all tariffs will be in final form for Commission approval on June 27, 1988, and that Staff will file a final report on that date. Staff believes that the tariffs will be in compliance with the Commission's orders and will be able to become effective on July 1 as scheduled.

MCI's motion lists 14 grounds in support of its motion to suspend (Paragraph 10, A through N). The majority of MCI's arguments consist of attempts to

relitigate matters addressed and decided by the Commission in the instant cases or in Case No. TO-87-42, Re: Southwestern Bell Telephone Company, 29 Mo. P.S.C. (N.S.) 220 (October 5, 1987). Some of MCI's arguments challenge provisions that exist in current tariffs or concurrence tariffs which are being incorporated into the new tariffs designed to implement the Plan. In the Commission's opinion, it is inappropriate to raise any of these issues at this time, as these arguments do not allege noncompliance with the Commission's orders adopting the Primary Toll Carrier Plan.

MCI does make certain allegations that the tariffs do not comply with the Commission's order in the instant matters. For example, MCI contends that the tariffs do not comply with the Commission's orders to charge intraLATA traffic the same rate since the tariffs charge access charges to the PTCs for jointly-provided 800 service, while the interexchange carriers are charged 21.7 cents per minute for nonjointly-provided 800 service. The 21.7 cent rate for nonjointly-provided 800 service was approved by this Commission in Case No. TO-87-42. The LECs concur in this rate. Therefore, it is appropriate to restate the nonjoint 800 service rate in replacing the concurrence tariff with the PTCs' new WATS tariffs. Three PTCs have reduced the 21.7 cents to match other WATS rate reductions to satisfy the revenue neutrality objective and to reflect NTS cost shifts. The Commission's orders in the instant matters did not modify the Commission's order in Case No. TO-87-42. Therefore, the tariffs properly reflect the charge for nonjointly-provided intraLATA 800 service. In Case No. TO-87-42, the Commission recognized that after nonjointly-provided 800 WATS rates produce a track record, further evaluation of their effect on competition within the context of an access charge docket may be appropriate. It is inappropriate to raise this issue in this forum, where the subject is implementation of the Primary Toll Carrier Plan.

MCI contends that the tariffs do not require the PTCs to charge themselves for the use of their own intraLATA access service. Under the Commission's order, the

PTCs are required to implement intraLATA access tariffs designed to produce revenues equal to intraLATA settlement payments and all intraLATA traffic must be subject to the same charges. In the Commission's opinion it is not necessary for the PTCs to modify their access services tariff to comply with the Commission's directive. The PTCs are required to impute to themselves the revenues derived from their own access services. Staff states in its recommendation that the financial model used to calculate the PTC rates reflects, among other things, the PTCs' access charges for traffic carried over the PTCs' own facilities. Thus, imputation occurs in the model. The Commission expects the PTCs to maintain records which will reflect whether the access charges are being imputed to themselves so that upon audit this requirement can be verified. If, after implementation, any party has reason to believe that this condition is not being met, this question may be a proper subject for complaint.

MCI contends that the tariffs limit the duration of the PTCs' "provider of last resort" obligation contrary to the Commission's order. The tariffs recite that the provider of last resort obligation is solely in accordance with the Conceptual Framework as modified by the Commission's orders in the instant matters. In the Commission's opinion these provisions comply with the Commission's orders.

MCI contends that the tariffs would double-charge interexchange carriers for their nonjoint intraLATA 800 service and would require interexchange carriers to report such 800 service twice. Staff states that access charges will not be applied to nonjointly-provided 800 service, only the 21.7 cent rate. In addition, double reporting ought not to occur since nonjoint 800 usage will be reported only in the NDR Reports. The remaining intraLATA traffic should be reported using the jurisdictional reporting method outlined in the access services tariff. Staff recommends that the Commission direct the parties to meet and report back to the Commission regarding tariff revisions if necessary to avoid any confusion on this point. However, Staff does not believe this matter must be resolved prior to implementation of the PTC Plan.

MCI contends that the proposed tariffs would change the definition of "IC" from "interexchange carrier" to "interexchange customer", introducing inconsistency and confusion relative to industry custom, and raising the possibility that some LECs could be considered interexchange carriers. The Staff has reviewed MCI's contentions and recommends to the Commission that the parties also meet and report back to the Commission regarding possible revisions to the access tariffs to clear up this point. Staff states that this matter need not be resolved prior to implementation

Finally, Staff points out certain inconsistencies with the interexchange foreign exchange service (FX) regarding 11 Secondary Carriers (SCs). The current FX rates for these SCs is unclear because of inconsistencies in the current tariffs. Staff recommends that these SCs submit a tariff filing to the Commission by August 1 to resolve this inconsistency if the problem is not resolved by June 27, when the Staff files its final report.

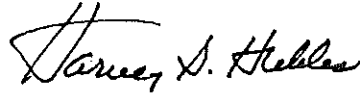
The Commission, having reviewed the tariffs, the motions to suspend, the responses thereto, and the Staff's recommendation, concludes that MCI's and CompTel's motions to suspend the tariffs submitted on May 2, 1988, should be denied. AT&T's motion, which was filed in a separate docket, will also be denied. Upon the submission of Staff's final report on June 27, 1988, the Commission will be in a position to approve the tariffs to become effective July 1, 1988, and to implement the recommendations set forth above, as well as any further recommendations contained in Staff's final report.

It is, therefore,

ORDERED: 1. That the Motions To Consolidate, Suspend, And Reject Or Modify Tariffs filed herein by MCI Telecommunications Corporation and CompTel of Missouri be, and they are, hereby denied.

ORDERED: 2. That this order shall become effective on the date hereof.

BY THE COMMISSION



Harvey G. Hubbs
Secretary

(S E A L)

Steinmeier, Chm., Musgrave,
Mueller and Fischer, CC., Concur.
Hendren, C., Not Participating.