

Paul G. Lane
General Attorney-Missouri

Southwestern Bell Telephone
100 North Tucker Boulevard
Room 630
St. Louis, Missouri 63101-1976
Phone 314 247-3224
Fax 314 247-0014



March 20, 1997

Mr. Cecil Wright
Executive Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 63101

FILED
MAR 21 1997
MISSOURI
PUBLIC SERVICE COMMISSION

Dear Mr. Wright:

Attached for filing with the commission are the original and fourteen copies of Southwestern Bell Telephone Company's (SWBT's) Petition for a determination that it is subject to price cap regulation under Section 392.245.2 RSMo (1996). I would appreciate if you would bring this filing to the personal attention of each Commissioner.

As you will recall, SWBT initiated such a request with the Commission by its filing on February 6, 1997. It is my understanding that the Commission prefers SWBT to make its request via the attached Petition. SWBT is certainly willing to comply with the Commission's desire in this regard.

SWBT must, however, register its disagreement with the vitriolic letter from MCI's counsel, dated March 19, 1997. MCI contends that it attempted to learn of SWBT's February 6, 1997 filing requesting the price cap determination, but was unable to do so. SWBT did not file the letter under seal or otherwise request confidential treatment. The Commission should also be aware that MCI never asked SWBT whether it had made a filing and never requested a copy of it. If MCI attempted to learn of the filing, one wonders why it did not simply ask Southwestern Bell. SWBT did provide a copy of the letter to Sprint on the same day Sprint requested it. Obviously, a public filing such as SWBT made was available to MCI.

SWBT also rejects MCI's assertion that it was not lawful to file a letter with the Commission. Such an assertion is absolutely false. Neither the statute (SB 507) nor the Commission's rules spell out the manner in which the Commission is to make the determination that a large incumbent telecommunications company is subject to price cap regulation. Certainly, it is disingenuous for MCI to contend that SWBT is not permitted to make such a request by publicly filing its request with the Commission and providing a copy of its request to the Office of the Public Counsel. It is offensive for MCI to suggest otherwise.

There is nothing unlawful or illegal in requesting the Commission to make the determination required by the statute. In fact, since the statute imposes the duty to make the determination on

Mr. Wright
March 20, 1997
Page 2

the Commission, and does not direct the incumbent local exchange telephone company to make a request, the commission is under an affirmative duty to make the determination even if the affected local exchange telephone company does not make the request.

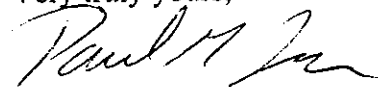
Nor is it necessary for the Commission to open a docket prior to making its determination, although it is certainly free to do so. The Commission routinely issues hundreds of orders (e.g. approving tariff filings) without opening any docket or conducting any hearing. MCI's assertion that SWBT filing a letter requesting the Commission to make the determination required by the statute is somehow unlawful is a gross misstatement of law.

MCI should not abuse the regulatory process in Missouri to achieve its goals. While MCI is entitled to vigorously advocate its position, it is not entitled to misinform the Commission concerning the law or to accuse SWBT of unlawful actions without foundation. The process of regulation is not well served by this type of action.

It is SWBT's position that the determination that it is subject to price cap regulation is a ministerial function which the Commission should perform expeditiously upon its determination that an alternative local exchange telecommunications company has been certified to provide basic service, and is providing such service anywhere in SWBT's territory. Because Dial US has been certificated and is providing basic local telecommunications service in SWBT's territory, those simple conditions have been met and the determination that SWBT is subject to price cap regulation should be made swiftly. SWBT urges the Commission to move forward on this matter to reach resolution on or before May 30, 1997 in order to end the attempts of MCI and others to use the regulatory process to avoid the legislative mandate from the General Assembly.

SWBT stands ready to work with the Commission in whatever the process the Commission deems best to resolve this matter on an expedited basis.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Paul G. Lane", with a stylized flourish at the end.

Paul G. Lane

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

FILED
MAR 21 1997
MISSOURI
PUBLIC SERVICE COMMISSION

Petition of Southwestern Bell Telephone
Company for a determination that it is
subject to price cap regulation under
Section 392.245 RSMo (1996).

)
)
) Case No. TD-97-397
)

PETITION

COMES NOW Southwestern Bell Telephone Company (SWBT) and in support of its
Petition for a determination that it is subject to price cap regulation under Section 392.245 RSMo
(1996) states as follows:

1. SWBT is a provider of basic local telecommunications services in various
exchanges throughout Missouri, including the Springfield exchange. SWBT provides basic local
telecommunications services pursuant to tariffs filed with and approved by the Commission.

2. Senate Bill 507 (SB 507), which was passed by the General Assembly in the 1996
session, substantially changed the nature of basic local telecommunications service competition
and the regulatory regime for incumbent local exchange telecommunications companies. The
legislation revised Section 392.450 RSMo (1994) to permit competition in the provision of basic
local telecommunications service. In addition, SB 507 requires a shift in the form of regulation
which applies to large incumbent local telecommunications companies. Whereas prior law
assured just and reasonable rates through rate base rate of return regulation, SB 507 provides that
rates for large local exchange telecommunications companies will be kept reasonable through
price cap regulation.

3. Under price cap regulation, just and reasonable rates are assured by placing a limit
on the maximum allowable prices which may be charged for telecommunications services. A

large local exchange telecommunications company which is subject to price cap regulation may not change its maximum allowable prices for basic local telecommunications and exchange access services prior to January 1, 2000. Section 392.245.4. Thereafter, changes in the maximum allowable prices for such services are made pursuant to a formula which insures that any price decreases are reflected in tariffs and that any increases will be moderate. Id.

4. Section 392.245 provides clear and unambiguous direction requiring a large local exchange telecommunications company to be regulated pursuant to price caps when specific events have occurred. In relevant part, §392.245.2 provides:

A large incumbent local exchange telecommunications company shall be subject to regulation under this section upon a determination by the commission that an alternative local exchange telecommunications company has been certified to provide basic local telecommunications service and is providing such service in any part of the large incumbent company's service area.

5. By letter dated February 6, 1997 (attached as Exhibit 1), SWBT advised the Commission (and the Office of the Public Counsel) that the conditions which cause SWBT to be subject to price cap regulation have been met, and requested the Commission to make the determination contemplated by the statute. SWBT understands that the Commission prefers to have SWBT file a Petition in this regard. SWBT therefore files this Petition seeking the same determination sought in its February 6, 1997 letter.

6. The conditions which require the Commission to make the determination that SWBT is now subject to price cap regulation have occurred. Communications Cable Laying Company, Inc. d/b/a Dial US ("Dial US") was certified to provide basic local telecommunications service in all of SWBT's Missouri exchanges on December 20, 1996.

Attached as Exhibit 2 is a copy of the certificate of service authority granted to Dial US.

7. Attached as Exhibit 3 is a copy of the Commission's Report and Order (including Notice of Correction, dated December 31, 1996) in Case No. TA-96-347 which approved Dial US' Missouri tariff effective as of December 31, 1996. In that Report and Order, the Commission determined:

"The Commission finds that the tariff is in compliance with the Commission's Report and Order and that with the approval of this tariff Dial U.S. has completed the final step in its preparation to offer local exchange and basic local exchange telecommunications services in the State of Missouri.

The Commission finds that the approval of this tariff will permit Dial U.S. to begin to offer its services and that this step constitutes Missouri's first full implementation of local competition pursuant to the Telecommunications Act of 1996." Id. at pp. 2-3.

8. Dial US is now providing basic local telecommunications service in Southwestern Bell's Springfield exchange, and has been providing such service at least since January 22, 1997. Attached as Exhibit 4 is a copy of a proclamation signed by various parties recognizing that on January 22, 1997, Lieutenant Governor Roger Wilson placed the first competitive basic local exchange telecommunications call utilizing service provided by Dial US in SWBT's Springfield exchange. Attached as Exhibit 5 is the affidavit of James S. Hedges, President of Dial US, which verifies that Dial US began offering basic local telecommunications services in SWBT's Springfield exchange to Dial US employees as of December 31, 1996 and began providing such service to the general public as of February 24, 1997. As reflected in the affidavit, customers of Dial US are able to and have subscribed to basic local telecommunications service as defined in Section 386.020(4). These customers subscribe to two-way switched voice service

within the Dial US Springfield local calling scope. Customers have obtained single line service for both residential and business applications, including Touchtone dialing. Dial US provides customers with access to local emergency services including 911, access to basic local operator services, access to basic local directory assistance and equal access to interexchange carriers. Each of the services constitutes basic local telecommunications service under Section 386.020(4).

9. The availability of price cap regulation for large incumbent local exchange companies under Section 392.245.2 is not discretionary. To the contrary, the statute clearly and unambiguously provides that a large incumbent local exchange telecommunications company shall be subject to regulation under Section 392.245, once a determination has been made that a competitor is certified and is providing basic local telecommunications services. Any claim to the contrary is simply incorrect.

10. Once the Commission has made the determination that SWBT is subject to price cap regulation, the Commission is without authority to engage in rate base rate of return regulation. Section 392.245.7 specifically provides that a company regulated by price caps shall not be subject to rate base rate of return regulation under Section 392.240.1. Moreover, Section 392.245 provides that prices may not exceed a "maximum allowable price" for that particular service. The determination of the maximum allowable price is provided by Section 392.245.3 which states that the rates which were in effect on December 31 of the year prior to that in which a company is first subject to price cap regulation become the initial maximum allowable prices. In this case, SWBT's initial maximum allowable prices are those which were in effect on December 31, 1996. The Commission may not lower those maximum allowable prices or

engage in rate base rate of return regulation.

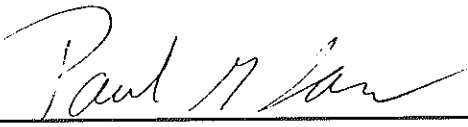
11 The determination that an alternative local exchange telecommunications company has been certified to provide basic local telecommunications service and is providing such service in any part of SWBT's service area is a ministerial task that can be accomplished swiftly by the Commission. The Commission may take official notice of the certification it has granted to Dial US and of the tariffs which the Commission has approved governing Dial US' provision of basic local telecommunications services in the Springfield exchange. While certain parties may seek to intervene and to divert attention from the specific requirements of the statute, the Commission should move swiftly to the conclusion mandated by Section 392.245.2. Specifically, the Commission should establish a docket and such process as it deems appropriate in a time frame which calls for a determination by the Commission prior to May 30, 1997.

12 If any party desires to intervene in this proceeding, the Commission should require such intervenor to state the basis of any opposition to the determination that SWBT is subject to price cap regulation and to provide factual support to any contention that Dial US has not been certificated by the Commission or is not providing basic local telecommunications service in SWBT's Springfield exchange.

WHEREFORE, for all the foregoing reasons, SWBT respectfully requests this Commission to expeditiously make the determination required by Section 392.245.2 that SWBT is subject to price cap regulation, and that its initial maximum allowable prices are those which were in effect on December 31, 1996. SWBT respectfully requests the determination to be made on or before May 30, 1997.

Respectfully submitted,

SOUTHWESTERN BELL TELEPHONE COMPANY

By _____

Paul G. Lane (#27011)

Leo J. Bub (#34326)

Anthony K. Conroy (#35199)

Diana J. Harter (#31424)

Attorneys for Southwestern Bell

Telephone Company

100 North Tucker Boulevard, Room 630

St. Louis, Missouri 63101

Telephone: 314-247-5224

CERTIFICATE OF SERVICE

A true and correct copy of the above and foregoing petition has been mailed, postage prepaid, this 21st day of March, 1997 to: The Office of the Public Counsel, 301 West High, Suite 250, P.O. Box 7800, Jefferson City, Missouri, 65102.

_____

February 6, 1997

Paul G. Lane
General Attorney
(Missouri)

Mr. Cecil I. Wright
Executive Secretary
Missouri Public Service Commission
301 West High Street, Floor 5A
Jefferson City, Missouri 65101

Re: Senate Bill 507

Dear Mr. Wright:

The passage of Senate Bill 507 (SB 507) in the 1996 legislative session substantially changed the nature of basic local exchange service competition and regulation of incumbent local exchange telecommunications companies. Consistent with the goals of the Federal Telecommunications Act of 1996, SB 507 revised Section 392.450 to permit competition in the provision of basic local exchange telecommunications service. In Missouri, 19 companies have now filed for certification to operate as providers of basic local exchange service in exchanges served by Southwestern Bell Telephone Company (SWBT). (See Attachment I). Three of those companies have been certificated by the Commission. At least one of those companies, Communications Cable-Laying Company, Inc. d/b/a Dial US has initiated the provision of service in the Springfield Metropolitan Exchange. As reflected in the attached proclamation, Dial US began operations no later than January 22, 1997. (See Attachment II).

SB 507 provides that price cap regulation shall apply to a large incumbent local exchange telecommunications company when an alternative local exchange telecommunications company has been certified to provide basic local exchange service and is providing such service in any part of the incumbent's service area. That situation now exists for SWBT as a result of Dial US' operations, and SWBT accordingly requests the Commission, consistent with Section 392.245.1, to confirm that the provisions of Section 392.245 are now applicable to SWBT. The initial maximum allowable prices for SWBT are those which were in effect on December 31, 1996. (Section 392.245.3).

While the price cap provisions of Section 392.245 apply to all of SWBT's operations once a competitor is certified and begins providing service anywhere in SWBT's territory, other portions of Section 392.245 are exchange specific. Section 392.245.5 provides that all of SWBT's services shall be classified as competitive in any exchange in which at least one alternative local exchange telecommunications company has been certified and has provided local exchange telecommunications service for five years,

North Tucker Blvd.
St. Louis, MO 63101-1976

ne 314 247-5224

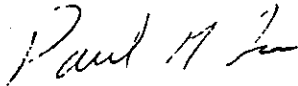
Mr. Cecil I. Wright
February 5, 1997
Page 2

unless the Commission determines that effective competition does not exist in that exchange. At this point, the operations of Dial US in the Springfield Metropolitan Exchange have triggered the beginning of the waiting period before all services in that exchange are deemed competitive.

The Telecommunications Act of 1996 and SB 507 are bringing a new era of increased competition to Missouri. SWBT looks forward to working with the Commission to bring the benefits of this competition to consumers.

Please confirm that the provisions of Section 392.245 are now applicable to SWBT.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Paul G. Lane".

Paul G. Lane

Enclosures

cc: Ms. Martha Hogerty
Office of the Public Counsel

Companies Filed for Certification as a Local Exchange Provider

	<u>Filed</u>	<u>Approved</u>
AT&T Communications of the Southwest	3/29/96	
TCG St. Louis	4/18/96	
Communications Cable-Laying Company d/b/a Dial US	4/19/96	12/31/96
MCImetro Access Transmission Services Inc.	4/24/96	
Kansas City Fiber Network, L.P.	4/24/96	1/24/97
MFS Intelenet of Missouri	5/7/96	
Digital Teleport Inc.	5/28/96	
Ameritech Communications International Inc.	5/31/96	
Sprint Communications Company L.P.	6/6/96	
Brooks Fiber Communications of Kansas City Inc.	6/17/96	
American Communication Services of Kansas City Inc.	6/28/96	
Dial and Save of Missouri Inc. d/b/a/ Dial And Save	7/5/96	
Excel Telecommunications Inc.	7/5/96	
Consolidated Communications Telecom Services Inc.	7/19/96	1/14/97
U S Long Distance Inc.	9/4/96	
GE Capital Communications Service Corporation d/b/a GE EXCHANGE	10/11/96	
Fast Connections Inc.	11/15/96	
Onyx Distributing Company d/b/a Missouri Comm South	11/20/96	
Local Line America Inc.	12/20/96	

JANUARY 22, 1997

The call was connected through a new install, ordered by DIAL US for the Chamber's office, to a converted Southwestern Bell Telephone line which was already serving DIAL US's offices. This arrangement was in accordance with the National Telecommunications Act of 1996 and the Interconnection Agreement negotiated between Southwestern Bell Telephone and DIAL US. The Interconnection Agreement was signed on June 13, 1996 and approved by the Missouri Public Service Commission on September 6th, 1996 to become the first such agreement in Missouri. This call is subject to the rates and terms included in DIAL US's Public Service Commission Missouri Tariff No. 4 approved by the Public Service Commission on December 31, 1996.

I Was There: (Participants and Witnesses)

Roger Wilson Missouri Lt. Governor	Jim Hedges President, DIAL US	Karen Jennings President, SWBT Missouri
<i>Roger B. Wilson</i>	<i>Jim Hedges</i>	<i>Karen Jennings</i>
<i>David L. Kentrum</i>	<i>John H. Conley</i>	<i>Mark L. Walker</i>
<i>Allyl K. McWe</i>	<i>Louise Sheridan</i>	<i>Edith</i>
<i>Lin B. Jorgensen</i>	<i>Lee Hennessey</i>	<i>Edith</i>
<i>James J. ...</i>	<i>Shelia O. Wright</i>	<i>James A. Cook</i>
<i>Marissa L. Carlson</i>	<i>John H. Conley</i>	<i>Allyl K. Brewer</i>
<i>Eric H. ...</i>		
<i>Samuel ...</i>		
<i>Edward R. ...</i>		
<i>Hyd. ...</i>		
<i>James ...</i>		

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY**

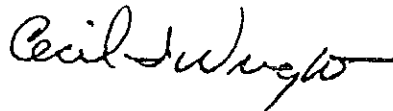
DECEMBER 20, 1996

CASE NO: TA-96-347

**W. R. England, III, Sondra B. Morgan, Brydon, Swearngen & England, P.O. Box 456,
Jefferson City, MO 65102-0456**
James C. Stroo, GTE Midwest Incorporated, 1000 GTE Drive, Wentzville, MO 63385
**Mark W. Comley, Newman, Comley & Ruth P.C., 205 E. Capitol Ave., P.O. Box 537,
Jefferson City, MO 65102-0537**
**Craig S. Johnson, Andereck, Evans, Milne, Peace & Baumhoer, 301 E. McCarty St., P.O. Box 1438,
Jefferson City, MO 65102-1438**
Carl J. Lumley, Leland B. Curtis, Attorneys at Law, 130 S. Bemiston, Suite 200, Clayton, MO 63105
Stephen Morris, MCI Telecommunications Corporation, 701 Brazos, Suite 600, Austin, TX 78701
**Paul G. Lane, Leo J. Bub, Diana J. Harter, Southwestern Bell Telephone Company,
100 N. Tucker Blvd., Room 630, St. Louis, MO 63101-1976**
**Linda K. Gardner, United Telephone Company of Missouri, 5454 W. 110th Street,
Overland Park, KS 66211**
Paul S. DeFord, Lathrop & Gage, 2345 Grand Blvd., Kansas City, MO 64108-2684
**Thomas C. Pelto, AT&T Communications of the Southwest, Inc., 8911 Capital of Texas Highway,
Suite 1300, Austin, TX 78759**
**Michael F. Dandino, Senior Public Counsel, Office of the Public Counsel, P.O. Box 7800,
Jefferson City, MO 65102**

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

Sincerely,



**Cecil I. Wright
Executive Secretary**

Uncertified Copy:

James S. Hedges, Dial U.S., 333 Park Central East, Springfield, MO 65806
**Mark Harper, United Telephone Company of Missouri, 5454 W. 110th Street,
Overland Park, KS 66211**

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Dial U.S.
for a Certificate of Authority to Provide Basic
Exchange and Local Exchange Intrastate Telecom-
munications Services Within the State of
Missouri.

)
)
)
)
)
)
)

Case No. TA-96-347

REPORT AND ORDER

Issue Date:

December 20, 1996

Effective Date:

December 31, 1996

OF THE STATE OF MISSOURI

Case No. TA-96-347

APPEARANCES

Mark W. Comley, Newman, Comley & Ruth P.C., 205 East Capitol Avenue, Post Office Box 537, Jefferson City, Missouri 65102, for Communications Cable-Laying Company, d/b/a Dial U.S.

Leland B. Curtis, Carl J. Lumley, and Elaine M. Walsh, Curtis, Oetting, Heinz, Garrett & Soule, P.C., 130 South Bemiston, Suite 200, Clayton, Missouri 63105, for MCI Telecommunications Corporation.

Victor S. Scott and Craig S. Johnson, Andereck, Evans, Milne, Peace & Baumhoer, L.L.C., 301 East McCarty Street, Post Office Box 1438, Jefferson City, Missouri 65102-1438, for: Alma Telephone Company, Chariton Valley Telephone Corporation, Choctaw Telephone Company, Mid-Missouri Telephone Company, MoKan Dial, Inc., Northeast Missouri Rural Telephone Company, and Peace Valley Telephone Company.

Paul G. Lane, General Attorney-Missouri, Diana J. Harter, Attorney, and Leo J. Bub, Attorney, Southwestern Bell Telephone Company, 100 North Tucker Boulevard, Room 630, St. Louis, Missouri 63101-1976, for Southwestern Bell Telephone Company.

Sondra B. Morgan and W.R. England, III, Brydon, Swearingen & England P.C., 312 East Capitol Avenue, Post Office Box 456, Jefferson City, Missouri 65102-0456, for: BPS Telephone Company, Cass County Telephone Company, Citizens Telephone Company of Higginsville, Missouri, Inc., Craw-Kan Telephone Cooperative, Inc., Ellington Telephone Company, Farber Telephone Company, Goodman Telephone Company, Inc., Granby Telephone Company, Grand River Mutual Telephone Corporation, Green Hills Telephone Corporation, Holway Telephone Company, KLM Telephone Company, Kingdom Telephone Company, Lathrop Telephone Company, Le-Ru Telephone Company, Mark Twain Rural Telephone Company, McDonald County Telephone Company, Miller Telephone Company, New Florence Telephone Company, New London Telephone Company, Orchard Farm Telephone Company, Oregon Farmers Mutual Telephone Company, Ozark Telephone Company, Rock Port Telephone Company, Seneca Telephone Company, Steelville Telephone Exchange, Inc., and Stoutland Telephone Company; Bourbeuse Telephone Company and Fidelity Telephone Company.

Linda K. Gardner, Senior Attorney, United Telephone Company of Missouri, 5454 West 110th Street, Overland Park, Kansas 66211, for United Telephone Company of Missouri.

Paul S. DeFord, Lathrop & Gage L.C., 2345 Grand Boulevard, Suite 2500, Kansas City, Missouri 64106, for AT&T Communications of the Southwest, Inc.

Michael F. Dandino, Senior Public Counsel, Office of the Public Counsel, Post Office Box 7800, Jefferson City, Missouri 65102, for the Office of the Public Counsel and the public.

Colleen M. Dale, Deputy General Counsel, Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri 65102, for the staff of the Missouri Public Service Commission.

ADMINISTRATIVE

LAW JUDGE: Dale Hardy Roberts, Chief.

REPORT AND ORDER

Procedural History

On April 19, 1996, Communications Cable-Laying Company, d/b/a Dial U.S. (Applicant or Dial U.S.) filed an application requesting the Commission grant a certificate of service authority to provide basic local exchange service and a certificate of service authority to provide local exchange service. Dial U.S. applied for authority to provide these services in all exchanges in the service territories of Southwestern Bell Telephone Company (SWBT), United Telephone Company of Missouri (United), and GTE Midwest Incorporated (GTE). Dial U.S. also seeks classification of its services as competitive and the waiver of the statutes in the rules which the Commission has granted for all competitive interexchange carriers.

On April 23, the Commission issued an Order and Notice in this case and directed that applications to intervene be filed not later than May 24. On June 6, the Commission issued its Order Granting Intervention

and Setting Prehearing Conference in this case. Timely applications to intervene were filed by MCI Telecommunications Corporation (MCI), the Mid-Missouri Group of local exchange companies (Mid-Missouri Group),¹ SWBT, the "Small Telephone Company Group"² (STG), Bourbeuse Telephone Company (Bourbeuse), Fidelity Telephone Company (Fidelity), GTE, United, and AT&T Communications of the Southwest, Incorporated (AT&T). The Commission granted these applications to intervene.

On August 19, Dial U.S. filed its First Amended Application in which it requested a certificate of service authority to provide basic local exchange and local exchange intrastate telecommunications services, as well as an order classifying it as a competitive telecommunications company providing competitive service and suspending, waiving, or modifying certain Commission rules and statutory provisions as they relate to the regulation of competitive telecommunications companies in the State of Missouri. The amended Application specifically requested authority pursuant to Sections 392.430, 392.440, and 392.450, R.S.Mo. (Supp. 1996).

¹The following companies comprise the "Mid-Missouri Group": Alma Telephone Company, Chariton Valley Telephone Corporation, Choctaw Telephone Company, Mid-Missouri Telephone Company, Mo-Kan Dial, Inc., Northeast Missouri Rural Telephone Company, and Peace Valley Telephone Company, Inc.

²The following companies comprise the "Small Telephone Company Group": BPS Telephone Company, Cass County Telephone Company, Citizens Telephone Company of Higginsville, Missouri, Inc., Craw-Kan Telephone Cooperative, Inc., Ellington Telephone Company, Farber Telephone Company, Goodman Telephone Company, Inc., Granby Telephone Company, Grand River Mutual Telephone Corporation, Green Hills Telephone Corporation, Holway Telephone Company, KLM Telephone Company, Kingdom Telephone Company, Lathrop Telephone Company, Le-Ru Telephone Company, Mark Twain Rural Telephone Company, McDonald County Telephone Company, Miller Telephone Company, New Florence Telephone Company, New London Telephone Company, Orchard Farm Telephone Company, Oregon Farmers Mutual Telephone Company, Ozark Telephone Company, Rock Port Telephone Company, Seneca Telephone Company, Steelville Telephone Exchange, Inc., and Stoutland Telephone Company.

On September 17, a Stipulation and Agreement (Stipulation) was filed which was entered into by all parties to this case. On that same date, a document captioned Suggestions in Support of the Stipulation and Agreement was also unanimously filed. Pursuant to the Stipulation in this case, the Commission convened a hearing on October 23 for the purpose of receiving the Stipulation and hearing statements in its support.

Background

Dial U.S. is certificated to provide intrastate interexchange services in Missouri. In this case it has requested a certificate to provide basic local telecommunications service and local exchange telecommunications services as well. Local exchange services are considered competitive services and are subject to different rules and statutory requirements than are basic local services. The parties state within the Stipulation that all of the requirements and criteria for certification have been met, including those which were enacted in Senate Bill 507.

Discussion

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 Secretary of State showing 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 a 45-day effective date. Dial U.S. has provided all the required documentation either directly in this case or by incorporation pursuant to 4 CSR 240-2.060(4)(E). The exception to the filing requirements is the provision of a proposed tariff. The company has requested a temporary waiver of

4 CSR 240-2.060(4)(H) because at the time of its application it did not yet have an interconnection agreement and could not establish any pricing for its services.

However, on December 2, 1996, an illustrative tariff was filed for initial review by the Staff, and Dial U.S. has notified the Commission that it stands ready to file a full and complete tariff in compliance with a Commission order. Moreover, Dial U.S. appears prepared to do so on short notice and has indicated that it may well request expedited approval of its tariff.

B. Local Exchange Certification

The Commission finds that Dial U.S.'s entry into competition in the local exchange telecommunications market is in the public interest and the company should be granted a certificate of service authority. The Commission finds that the local exchange services Dial U.S. proposes to offer are competitive and the company should be classified as a competitive company. Waiving the statutes and Commission rules set out in Ordered Paragraph 3 is reasonable and not detrimental to the public interest.

The Commission determines, by authority of § 392.470, that Applicant should comply with the following regulatory requirements as reasonable and necessary conditions of certification:

- (1) Applicant must comply with reasonable requests by Staff for financial and operating data to allow Staff to monitor the intraLATA toll market. § 386.320.3.
- (2) Applicant must file tariffs containing rules and regulations applicable to customers, a description of the services provided, and a list of rates associated with those services in accordance with 4 CSR 240-30.010 and § 392.220.
- (3) Applicant may not unjustly discriminate between its customers. §§ 392.200, 392.400.
- (4) Applicant must comply with all applicable rules of the Commission except those specifically waived by this order, or

waived by the Stipulation and Agreement as incorporated through this order. §§ 386.570, 392.360.

- (5) Applicant must file a Missouri-specific annual report. §§ 392.210, 392.390.1.
- (6) Applicant must comply with jurisdictional reporting requirements as set out in each local exchange company's access services tariffs. § 392.390.3.
- (7) Applicant must submit to the staff, on a confidential basis, a copy of the jurisdictional report it submits to local exchange companies. The report must be submitted within ten (10) days of the date on which it is submitted to the local exchange company.

C. Basic Local Telecommunications Service Certification

Section 392.455 R.S.Mo. (Supp. 1996), effective August 28, 1996, 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 what they earn.

1. Technical, Financial and Managerial Resources and Abilities.

Based upon its verified application, as amended, Dial U.S. asserts that there is sufficient evidence from which the Commission can find and conclude that Dial U.S. possesses sufficient technical, financial and

managerial resources and expertise to provide basic local telecommunications service. . The parties unanimously agree that Dial U.S. proposes and agrees to offer basic local services that satisfy the minimum standards established by the Commission. The parties unanimously agree that Dial U.S. 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. The parties agree that Dial U.S. will offer basic local telecommunications service as a separate and distinct service.

Lastly, the parties agree that Dial U.S. has agreed to provide equitable access to affordable telecommunications services, as determined by the Commission, for all Missourians within the geographic area where it proposes to offer basic local service, regardless of their residence or their income. Dial U.S. has sought the authority to provide services which will serve the public interest.

2. The Entrant's Proposed Services Satisfy the Minimum Standards Established by the Commission.

Dial U.S. stated in its application that the services it will provide will be "equal to or superior to the quality of the basic local telecommunications services that customers in the State of Missouri are currently receiving from the incumbent providers." Dial U.S. also stated that it will install a state of the art telecommunications network if it provides facilities-based local services. Dial U.S. has agreed to meet the Commission's minimum basic local service standards, including quality of service and billing standards. The parties agreed that Dial U.S. proposes

to offer basic local services that satisfy the minimum standards established by the Commission.

3. The Geographic Area in Which the Company Proposes to Offer Service.

Dial U.S. set out all the exchanges in which it proposes to offer services. Dial U.S. has defined its service area by means of the tariffed exchange areas of the incumbent local exchange companies presently providing basic local service in those exchanges. The parties agreed that Dial U.S. has sufficiently identified the geographic area in which it proposes to offer basic local service and that the area follows incumbent local exchange company exchange boundaries and is no smaller than an exchange.

4. The Offering of Basic Local Telecommunications Service as a Separate and Distinct Service.

Dial U.S. has agreed to offer basic local telecommunications service as a separate and distinct service.

5. Equitable Access for All Missourians to Affordable Telecommunications Services.

Dial U.S. has agreed 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 § 392.455(5).

D. 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. § 392.361.2. In making that determination the Commission may consider such factors as market share, financial resources and name recognition, among others. *In re the investigation for the purpose of determining the classification of the services provided by interexchange telecommunication*

companies within the State of Missouri, 30 Mo.P.S.C.(N.S.) 16 (1989); *In re Southwestern Bell Telephone Co.'s application for classification of certain services as transitionally competitive*, 1 Mo.P.S.C.3d 479, 484 (1992). In addition, all the services a competitive company provides must be classified as competitive. § 392.361.3. 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. *Id.* at 487.

The parties have agreed that Dial U.S. should be classified as a competitive telecommunications company. The parties have also agreed that Dial U.S.'s switched exchange access services may be classified as competitive services, conditioned upon certain limitations on Dial U.S.'s ability to charge for its access services. Dial U.S. 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 at the date of certification for the large incumbent LECs within those service areas in which Dial U.S. seeks to operate. The parties have agreed that the grant of service authority and competitive classification to Dial U.S. should be expressly conditioned on the continued applicability of § 392.200 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 §§ 392.220 and 392.230, rather than §§ 392.500 and 392.510.

The parties agreed that waiver of the following statutes is appropriate: §§ 392.210.2, 392.270, 392.280, 392.290.1, 392.300.2, 392.310, 392.320, 392.330 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.

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.

1. The Commission finds that competition in the local exchange and basic local exchange telecommunications markets is in the public interest.
2. The Commission finds that Dial U.S. has met the requirements of 4 CSR 240-2.060(4) for applicants for certificates of service authority to provide telecommunications services with the exception of the filing of a tariff with a 45-day effective date.
3. The Commission finds that Dial U.S. has demonstrated good cause to support a temporary waiver of the tariff filing requirement and the waiver shall be granted.
4. The Commission finds that the local exchange services market should be competitive and that granting Dial U.S. a certificate of service authority to provide local exchange telecommunications services is in the public interest. Dial U.S.'s certificate should become effective when its tariff becomes effective.
5. The Commission finds that Dial U.S. 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 Dial U.S. a certificate of service authority to provide basic local exchange telecommunications services is in the public interest. Dial U.S.'s certificate should become effective when its tariff becomes effective.

6. The Commission finds that Dial U.S. is a competitive company and should be granted waiver of the statutes and rules set out in Ordered Paragraph 3.
7. The Commission finds that Dial U.S.'s certification and competitive status are expressly conditioned upon the continued applicability of § 392.200 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 §§ 392.220 and 392.230, rather than §§ 392.500 and 392.510.
8. The Commission finds that the Stipulation and Agreement filed by the parties is a reasonable resolution of the issues.

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. Dial U.S. has requested certification under §§ 392.410 through 392.450. Those statutes permit the Commission to grant a certificate of service authority where the grant of authority is in the public interest.

The Federal Telecommunications Act of 1996 and Missouri Senate Bill 507 were designed to institute competition in the basic local exchange telecommunications market in order to benefit all telecommunications consumers. Section 392.185 states that "the provisions of this chapter shall be construed to: (1) Promote universally available and widely affordable telecommunications services; . . . (3) Promote diversity in the supply of telecommunications services and products throughout the state of Missouri; . . . (6) Allow full and fair competition to function as a substitute for regulation when consistent with the protection of ratepayers and otherwise consistent with the public interest"

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 § 536.060. Based upon the information contained within the Stipulation and Agreement of the parties, the supporting information offered at the hearing on October 23, 1996 and on its findings of fact, the Commission concludes that the Stipulation and Agreement should be approved and that Dial U.S. should be granted the certificate of service authority requested.

IT IS THEREFORE ORDERED:

1. That Communications Cable-Laying Company, d/b/a Dial U.S., is granted a certificate of service authority to provide local exchange telecommunications services in the State of Missouri, consistent with the Stipulation and Agreement and subject to the conditions of certification set out above, to become effective when the company's tariff becomes effective.

2. That Communications Cable-Laying Company, d/b/a Dial U.S., 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 above, to become effective when the company's tariff becomes effective.

3. That Communications Cable-Laying Company, d/b/a Dial U.S., is classified as a competitive telecommunications company. 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
392.290.1	- issuance of securities
392.300.2	- acquisition of stock
392.310	- stock and debt issuance
392.320	- stock dividend payment
392.330	- issuance of securities, debts and notes
392.340	- reorganization(s)

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

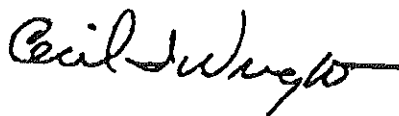
4. That the filing of a 45-day tariff as required by 4 CSR 240-2.060(4)(H) is waived and in lieu thereof Communications Cable-Laying Company, d/b/a Dial U.S., shall file with the Commission a tariff with a 30-day effective date. Upon request for expedited treatment, the Commission may make that tariff effective in fewer than 30 days.

5. That Communications Cable-Laying Company, d/b/a Dial U.S., shall file tariff sheets for approval no later than 30 days after the Commission approves the required interconnection agreement or agreements. The proposed tariff shall reflect the rates, rules, regulations and the

services it will offer. The tariff shall include a listing of the statutes and Commission rules waived under Ordered Paragraph 3.

6. That this Report And Order shall become effective on December 31, 1996.

BY THE COMMISSION



Cecil I. Wright
Executive Secretary

(S E A L)

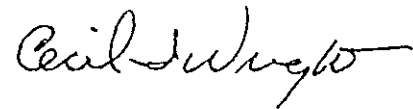
Zobrist, Chm., McClure and Kincheloe,
CC., concur.
Crumpton and Drainer, CC., concur.

Dated at Jefferson City, Missouri,
on this 20th day of December, 1996.

**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 20 day of DECEMBER, 1996.



Cecil I. Wright
Executive Secretary

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY**

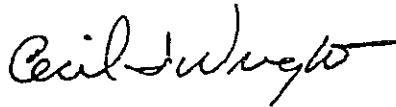
DECEMBER 31, 1996

CASE NO: TA-96-347

**W. R. England, III, Sondra B. Morgan, Brydon, Swearngen & England, P.O. Box 456,
Jefferson City, MO 65102-0456**
James C. Stroo, GTE Midwest Incorporated, 1000 GTE Drive, Wentzville, MO 63385
**Mark W. Comley, Newman, Comley & Ruth P.C., 205 E. Capitol Ave., P.O. Box 537,
Jefferson City, MO 65102-0537**
**Craig S. Johnson, Andereck, Evans, Milne, Peace & Baumhoer, 301 E. McCarty St., P.O. Box 1438,
Jefferson City, MO 65102-1438**
Carl J. Lumley, Leland B. Curtis, Attorneys at Law, 130 S. Bemiston, Suite 200, Clayton, MO 63105
Stephen Morris, MCI Telecommunications Corporation, 701 Brazos, Suite 600, Austin, TX 78701
**Paul G. Lane, Leo J. Bub, Diana J. Harter, Southwestern Bell Telephone Company,
100 N. Tucker Blvd., Room 630, St. Louis, MO 63101-1976**
**Linda K. Gardner, United Telephone Company of Missouri, 5454 W. 110th Street,
Overland Park, KS 66211**
Paul S. DeFord, Lathrop & Gage, 2345 Grand Blvd., Kansas City, MO 64108-2684
**Thomas C. Pelto, AT&T Communications of the Southwest, Inc., 8911 Capital of Texas Highway,
Suite 1300, Austin, TX 78759**
**Michael F. Dandino, Senior Public Counsel, Office of the Public Counsel, P.O. Box 7800,
Jefferson City, MO 65102**

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

Sincerely,



**Cecil I. Wright
Executive Secretary**

Uncertified Copy:

James S. Hedges, Dial U.S., 333 Park Central East, Springfield, MO 65806
**Mark Harper, United Telephone Company of Missouri, 5454 W. 110th Street
Overland Park, KS 66211**

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 31st
day of December, 1996.

In the Matter of the Application of Dial)	
U.S. for a Certificate of Authority to)	
Provide Basic Exchange and Local Exchange)	<u>Case No. TA-96-347</u>
Intrastate Telecommunications Services)	
Within the State of Missouri.)	

ORDER APPROVING TARIFF, AND
ORDER CORRECTING CERTIFICATED NAME AND TARIFF DUE DATE NUNC PRO TUNC

On December 20, 1996, the Commission issued a Report And Order in this case granting a certificate to provide local exchange and basic local exchange telecommunications services to Communications Cable-Laying Company, d/b/a Dial U.S. (Dial U.S.). This certificate was ordered to become effective on the same date that the company's tariff becomes effective.

That Report And Order also provided that Dial U.S. shall file with the Commission a tariff with a 30-day effective date, and that the Commission may expedite the approval of that tariff. However, in addition to that special provision granted in this case, the Report And Order contained, as ordered paragraph no. 5, the standard language for a certificate case which stated that Dial U.S. should file its tariff sheets for approval no later than 30 days after the Commission approves the required interconnection agreement or agreements. That ordered paragraph is unnecessary, in light of the Stipulation and Agreement which was filed in this case and approved by the Report and Order. Therefore, the Commission will correct the Report And Order by striking the first sentence of ordered paragraph no. 5 from the order, *nunc pro tunc*.

After the Report And Order was issued in this case, the Telecommunications Department Staff (Staff) discovered that the Application in this case incorrectly stated the name of the applicant. The Application herein named the applicant as Communications Cable-Laying Company, d/b/a Dial U.S., but the correct name should be Communications Cable-Laying Company, Inc., d/b/a Dial U.S. (emphasis added). The Commission's records reflect that Dial U.S.'s interexchange carrier certificate is granted in the company name which reflects "Inc." and the Commission will correct the certificate granted herein to conform to the appropriate company name.

Pursuant to the Report And Order, Dial U.S. filed its proposed tariff on December 20, 1996. On December 24, 1996, and again on December 26, 1996, Dial U.S. filed substitute tariff sheets at the request of Staff. On December 26, 1996, Dial U.S. also filed a request to revise its corporate name to reflect its incorporated status.

On December 27, 1996, the Staff filed its Memorandum in this case in which it stated that it has no objections to the name revision. Staff states that it has reviewed the proposed tariff and Staff finds that tariff in compliance with the Commission's Report And Order and the Stipulation and Agreement which was approved by the Commission in this case.

The Commission finds that the tariff is in compliance with the Commission's Report And Order and that with the approval of this tariff Dial U.S. has completed the final step in its preparation to offer local exchange and basic local exchange telecommunications services in the State of Missouri. The Commission finds that the tariff filed by Dial U.S. is the same or similar to those tariffs which are approved and in effect for other local exchange and basic local exchange telecommunications companies

in the State of Missouri. The Commission finds that the approval of this tariff will permit Dial U.S. to begin to offer its services and that this step constitutes Missouri's first full implementation of local competition pursuant to the Telecommunications Act of 1996.

IT IS THEREFORE ORDERED:

1. That the tariff filed by Communications Cable-Laying Company, Inc., d/b/a Dial U.S., is hereby approved for service on and after January 31, 1997:

P.S.C. MO No. 4 General Exchange Tariff

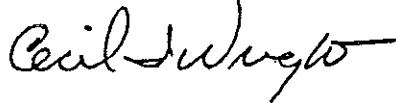
Original Title Page through Original Sheet No. 54

2. That the Report And Order of December 20, 1996, which granted a certificate to provide local exchange and basic local exchange telecommunications services, is hereby corrected to reflect the recipient's name as Communications Cable-Laying Company, Inc., d/b/a Dial U.S., *nunc pro tunc*.

3. That the first sentence of ordered paragraph no. 5 of the Report And Order, which was issued on December 20, 1996, is hereby deleted, *nunc pro tunc*.

4. That this order shall become effective on the date hereof.

BY THE COMMISSION



Cecil I. Wright
Executive Secretary

(S E A L)

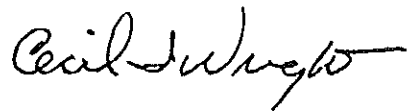
Zobrist, Chm., McClure, Kincheloe,
Crumpton, and Drainer, CC., Concur.

ALJ: Roberts

**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 31 day of DECEMBER, 1996.**



**Cecil I. Wright
Executive Secretary**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Dial)	
U.S. for a Certificate of Authority to)	
Provide Basic Exchange and Local Exchange)	<u>Case No. TA-96-347</u>
Intrastate Telecommunications Services)	
Within the State of Missouri.)	

NOTICE OF CORRECTION


On December 31, 1996, the Commission issued an Order Approving
Tariff, and Order Correcting Certificated Name and Tariff Due Date *Nunc Pro*
Tunc with the following ordered paragraph:

1. That the tariff filed by Communications Cable-Laying
Company, Inc., d/b/a Dial U.S., is hereby approved for service
on and after January 31, 1997.

That ordered paragraph should have read:

1. That the tariff filed by Communications Cable-Laying
Company, Inc., d/b/a Dial U.S., is hereby approved for service
on and after December 31, 1996.

BY THE COMMISSION



Cecil I. Wright
Executive Secretary

(S E A L)

Dated at Jefferson City, Missouri,
on this 31st day of December, 1996.

ALJ: Roberts



Missouri's First Local Competitive Call

JANUARY 22, 1997

On this day from the offices of the Springfield Chamber of Commerce, Lt. Governor Roger Wilson dialed the headquarters of DIAL US in the Woodruff Building. The call was answered at approximately 3:00 pm by Jim Hedges, founder and president of DIAL US, on a speaker phone about which were assembled representatives of Springfield universities and colleges, DIAL US employees, and members of the Hedges-Sheridan families.

The call was connected through a new install, ordered by DIAL US for the Chamber's office, to a converted Southwestern Bell Telephone line which was already serving DIAL US's offices. This arrangement was in accordance with the National Telecommunications Act of 1996 and the Interconnection Agreement negotiated between Southwestern Bell Telephone and DIAL US. The Interconnection Agreement was signed on June 13, 1996 and approved by the Missouri Public Service Commission on September 6th, 1996 to become the first such agreement in Missouri. This call is subject to the rates and terms included in DIAL US's Public Service Commission Missouri Tariff No. 4 approved by the Public Service Commission on December 31, 1996.

DIAL US was founded in 1983 by the Hedges family that established a construction company in Springfield in the 1890's to build railroads. It is locally owned and operated. The employees are skilled, friendly, and spirited; they have good times together.

I Was There: (Participants and Witnesses)

Roger Wilson Missouri Lt. Governor	Jim Hedges President, DIAL US	Karen Jennings President, SWBT Missouri
<i>Roger Wilson</i>	<i>Jim Hedges</i>	<i>Karen Jennings</i>
<i>David Klumb</i>	<i>John A. Comley</i>	<i>Mark L. Walker</i>
<i>Clay Brewer</i>	<i>Louise Sheridan</i>	<i>John Hedges</i>
<i>Vivian B. Hargrett</i>	<i>Lee Humphrey</i>	<i>John Hedges</i>
<i>John Hedges</i>	<i>Shelia O. Wright</i>	<i>James A. Cason</i>
<i>Thomas L. Carlson</i>	<i>John Hedges</i>	<i>John A. Comley</i>
<i>John Hedges</i>	<i>John Hedges</i>	<i>Clay Brewer</i>
<i>John Hedges</i>		
<i>John Hedges</i>		
<i>John Hedges</i>		
<i>John Hedges</i>		
<i>John Hedges</i>		

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Petition of Southwestern Bell Telephone)
Company for a determination that it is) Case No. _____
subject to price cap regulation under)
section 392.245 RSMo (1996).)

AFFIDAVIT OF JAMES S. HEDGES

STATE OF MISSOURI)
) SS
COUNTY OF GREENE)

I, James S. Hedges, of lawful age, being duly sworn, depose and state:

1. My name is James S. Hedges. I am President of Communications Cable-Laying Co., Inc. d/b/a Dial U.S., a Missouri Corporation. Dial U.S.' principle office and place of business is located at 333 Park Central East, Springfield, Missouri 65806.

2. Dial U.S. has been operating in Missouri since 1984 as an interexchange carrier under a certificate of public convenience and necessity it received from the Missouri Public Service Commission to provide certain interexchange services in Case No. TA-84-140.

3. Dial U.S. on December 20, 1996 received from the Missouri Commission a certificate of service authority to provide local exchange and basic local telecommunications services throughout the Missouri exchanges currently served by Southwestern Bell Telephone Company.

4. Dial U.S. filed tariffs on December 20, 1996 to provide local exchange and basic local telecommunications services in the following Southwestern Bell Telephone Company exchanges:

Ash Grove	Lamar	Republic
Billings	Lockwood	Rogersville
Clever	Monett	Springfield
Carl Junction	Marionville	Strafford
Carthage	Neosho	Webb City
Fairgrove	Nevada	Walnut Grove
Joplin	Nixa	Willard
Jasper	Pierce City	

5. The Missouri Commission issued an Order on December 31, 1996 approving Dial U.S.' tariff to provide local exchange and basic local telecommunications service on or after December 31, 1996.

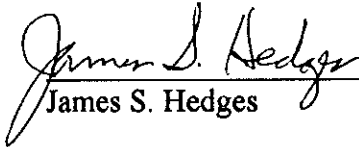
6. Dial U.S. provided basic local telecommunications service on a resale basis in Southwestern Bell's Springfield exchange on January 22, 1997 for the purpose of Lieutenant Governor Roger Wilson to place the first competitive basic local exchange telecommunication call.

7. Dial U.S. offered basic local telecommunications services in Southwestern Bell's Springfield exchange to Dial U.S. employees on December 31, 1996.

8. Dial U.S. has been providing both residence and business basic local telecommunications services in Southwestern Bell's Springfield exchange to the general public since February 24, 1997.

9. Dial U.S. provides basic local telecommunications services as described in 386.020(4) (RSMo) 1996, to residence and business customers. Specifically, Dial U.S. provides customers with two-way switched voice service within the Dial U.S. Springfield local calling scope on a resell basis. Dial U.S. provides these customers single line service for both residential and business applications, including touchtone dialing. In addition, Dial U.S. provides customers access to local emergency services, including 911 service; basic local operator services; basic local directory assistance service; and equal access to interexchange carriers.

FURTHER, Affiant sayeth not.


James S. Hedges

STATE OF MISSOURI)
)ss
COUNTY OF LAWRENCE)

Subscribed and sworn to before me this 20th day of March, 1997.


Notary Public

My Commission Expires: 11/18/2000

