

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a session of the Public Service Commission held at its office in Jefferson City on the 13th day of January, 1998.

In the Matter of the Application of BellSouth BSE, )  
Inc. for a Certificate of Convenience and Necessity ) Case No. TA-98-124  
to Provide Basic Local Exchange and Interexchange )  
Telecommunications Services Throughout Missouri. )  
)

ORDER GRANTING BASIC LOCAL AND INTEREXCHANGE  
CERTIFICATES OF SERVICE AUTHORITY

Procedural History

BellSouth BSE, Inc. (BSE) applied to the Commission on September 18, 1997, for certificates of service authority to provide basic local exchange, and interexchange telecommunications services in Missouri under Sections 392.420 - .440, RSMo 1994<sup>1</sup>, and Sections 392.410 and .450, RSMo Supp. 1996. BSE asked the Commission to classify it as a competitive company and waive certain statutes and rules as authorized by Sections 392.361 and 392.420. BSE is a wholly owned subsidiary of BellSouth BSE Holdings, Inc., which is in turn a wholly owned subsidiary of BellSouth Corporation, a Delaware corporation. BSE's offices are at 1100 Peachtree Street, N.E., Suite 500, Atlanta, Georgia 30309-4599.

The Commission issued an Order and Notice on September 24, directing parties wishing to intervene to do so by October 24. The

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<sup>1</sup> All statutory references are to Revised Statutes of Missouri 1994 unless otherwise indicated.

following entities filed applications to intervene which were granted on October 31:

Southwestern Bell Telephone Company  
Small Telephone Company Group  
Fidelity Telephone Company and Bourbeuse Telephone Company

The Commission also directed the parties to file a proposed procedural schedule by November 14.

BSE filed a proposed procedural schedule that called for the filing of a stipulation by November 21. The Commission approved that proposed schedule and the parties filed a Stipulation and Agreement (SA) on November 21 which is included with this order as Attachment 1. The Staff of the Commission (Staff) filed Suggestions in Support of the SA on December 23. In the SA the parties waived their rights to present testimony, cross-examine witnesses, present oral argument or briefs, and to seek rehearing or judicial review. 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 verified application.

### **Background**

The applicant, BellSouth BSE, Inc., is a wholly owned subsidiary of BellSouth Corporation which is incorporated under the laws of Delaware. BellSouth Corporation, through its affiliates, provides basic local service as an incumbent local exchange carrier (ILEC) in the southeastern United States, and provides cellular, personal communications, mobile data, and long distance services. BSE wishes certification to provide basic local

and interexchange telecommunications services in Missouri, both on a resale basis and using its own facilities. Interexchange services are considered competitive services and are subject to different rules and statutory requirements than are basic local services. Therefore, they will be considered separately in the discussion below.

BSE wants to provide basic local services in portions of Missouri that are currently served by SWBT, GTE Midwest Incorporated, and Sprint Missouri, Inc.<sup>2</sup>. BSE is not asking for certification in any area that is served by a small ILEC. The specific exchanges in which BSE proposes to operate are described in Exhibit E to its application (Attachment 2 to this order). BSE is requesting that its basic local and interexchange services be classified as competitive and that the application of certain statutes and regulatory rules be waived.

## **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 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. BSE has provided all the required documentation except for the proposed tariff. The company requested a temporary waiver of 4 CSR 240-2.060(4)(H) until the company has entered into a Commission-approved interconnection agreement that will enable it to provide basic local

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<sup>2</sup> Formerly United Telephone Company of Missouri, d/b/a Sprint.

exchange service. The company agreed to submit to the Commission for approval a proposed tariff with a minimum 45-day effective date. BSE will file the tariff in this case and give notice of the tariff filing to all the parties and participants. Along with that filing BSE has agreed to provide a written disclosure of all interconnection agreements it has entered into which affect its Missouri service areas.

### **B. Intrastate Interexchange Certification**

The Commission finds that BSE's entry into competition in the intrastate interexchange telecommunications market is in the public interest and the company should be granted a certificate of service authority. The Commission finds that the interexchange services BSE proposes to offer are competitive and the company should be classified as a competitive company. The Commission is of the opinion that waiving the statutes and Commission rules set out in the Ordered Paragraph below is reasonable and not detrimental to the public interest. BSE must comply with all applicable rules of the Commission except those specifically waived by this order.

### **C. Basic Local Service Certification**

Section 392.455, RSMo Supp. 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 their income.

**1. Technical, financial and managerial resources and abilities.**

BSE submitted Exhibit B with its application that lists the names and qualifications of its management team. In addition to academic credentials, the team members have experience in various areas of the telecommunications industry including network design and operations, regulation, customer services, and marketing. BSE submitted as Exhibit C the 1996 Annual Report to Shareholders of BSE's parent, BellSouth Corporation. BSE submitted as Exhibit D BellSouth Corporation's most recent 10-K demonstrating the parent's ability to provide adequate financial support for BSE's operations. The parties agreed that BSE possesses sufficient technical, financial and managerial resources and abilities to provide basic local telecommunications service.

**2. The entrant's proposed services satisfy the minimum standards**

**established by the Commission.** BSE stated in its application that it will meet the minimum basic local service standards, including quality of service and billing standards, required by the Commission. The parties agreed that BSE 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.** BSE set out in Exhibit E all the exchanges in which it proposes to offer services. The company has agreed that its service area must follow ILEC exchange boundaries and be no smaller than an exchange. The

parties agreed that BSE has sufficiently identified the geographic area in which it proposes to offer basic local service and that the area follows ILEC exchange boundaries and is no smaller than an exchange.

4. **The offering of basic local telecommunications service as a separate and distinct service.** BSE has agreed to offer basic local telecommunications service as a separate and distinct service.

5. **Equitable access for all Missourians to affordable telecommunications services.** BSE 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 Section 392.455(5), RSMo Supp. 1996.

#### **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 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). 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 BSE should be classified as a competitive telecommunications company. The parties have also agreed that BSE's switched exchange access services may be classified as a competitive service, conditioned upon certain limitations on BSE's ability to charge for its access services. BSE 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 BSE seeks to operate. The parties have agreed that the grant of service authority and competitive classification to BSE should be expressly conditioned on the continued applicability of Section 392.200, RSMo Supp. 1996, 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. 1996, 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. 1996, 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:

- A. The Commission finds that competition in the basic local exchange and intrastate interexchange telecommunications markets is in the public interest.
- B. The Commission finds that BSE 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.
- C. The Commission finds that BSE has demonstrated good cause to support a temporary waiver of the tariff filing requirement and the waiver shall be granted.
- D. The Commission finds that the intrastate interexchange telecommunications market is competitive and that granting BSE a certificate of service authority to provide intrastate interexchange telecommunications services is in the public interest. BSE's certificate should become effective when its tariff becomes effective.
- E. The Commission finds that BSE 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 BSE a certificate of service authority to provide basic local exchange telecommunications services is in the public interest. BSE's certificate shall become effective when its tariff becomes effective.



- F. The Commission finds that BSE is a competitive company and should be granted waiver of the statutes and rules set out in Ordered Paragraph 4.
- G. The Commission finds that BSE's certification and competitive status are expressly conditioned upon the continued applicability of Section 392.200, RSMo Supp. 1996, 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. 1996, and 392.230, rather than Sections 392.500 and 392.510.

### **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. BSE has requested certification under Sections 392.420 - .440, and Sections 392.410 and .450, RSMo Supp. 1996. Those statutes permit the Commission to grant a certificate of service authority where the grant of authority 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. 1996, were designed to institute competition in the basic local exchange telecommunications market in order to benefit all telecommunications consumers. Section 392.185, RSMo Supp. 1996, 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 Section 536.060, RSMo Supp. 1996. Based upon the information contained within the Stipulation and Agreement of the parties, and upon its findings of fact, the Commission concludes that the Stipulation and Agreement should be approved.

**IT IS THEREFORE ORDERED:**

1. That the stipulation of the parties, filed on September 12, 1997, is approved.

2. That BellSouth BSE, Inc. is granted a certificate of service authority to provide intrastate interexchange telecommunications services in the state of Missouri, to become effective when the company's tariff becomes effective.

3. That BellSouth BSE, Inc. is granted a certificate of service authority to provide basic local telecommunications services in the state of Missouri, to become effective when the company's tariff becomes effective.

4. That BellSouth BSE, Inc. 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  
392.290.1 - 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. 1996 - 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 BellSouth BSE, Inc. shall comply with all applicable statutes and Commission rules not expressly waived in this order.

6. That the request for waiver of the filing of 4 CSR 240-2.060(4)(H) which requires the filing of a 45-day tariff is granted.

7. That BellSouth BSE, Inc. shall file tariff sheets for approval reflecting the rates, rules, regulations and the services it will offer within 30 days after the Commission approves an interconnection agreement that enables the company to provide services. The tariff shall be filed in Case No. TA-98-124 and shall include a listing of the statutes and Commission rules waived in Ordered Paragraph 4.

8. That BellSouth BSE, Inc. shall give notice of the filing of the tariffs described above to all parties or participants. In addition, BellSouth BSE, Inc. shall file a written disclosure of all interconnection agreements which affect its Missouri service areas, all portions of Missouri service areas for which it does not have an interconnection

agreement, and an explanation of why no interconnection agreement is necessary for those areas.

9. That BellSouth BSE, Inc.'s certification and competitive status are expressly conditioned upon the continued applicability of Section 392.200, RSMo Supp. 1996, 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. 1996, and 392.230, rather than Sections 392.500 and 392.510.

10. That this order shall become effective on January 23, 1998.

**BY THE COMMISSION**



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

( S E A L )

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

Wickliffe, Deputy Chief Regulatory Law Judge

BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF MISSOURI

FILED  
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MISSOURI  
PUBLIC SERVICE COMMISSION

In the Matter of the Application of BellSouth BSE, )  
Inc. for a Certificate of Convenience and Necessity ) Case No. TA-98-124  
to Provide Basic Local Exchange and Interexchange )  
Telecommunications Services in Exchanges currently )  
Served by Southwestern Bell Telephone Company )  
GTE Midwest Incorporated (GTE) United Telephone )  
Company of Missouri (United) )

STIPULATION AND AGREEMENT

1. BellSouth BSE, Inc. (hereinafter "BSE") initiated this proceeding on September 18, 1997 by filing an Application requesting a certificate of service authority to Provide Basic Local Exchange and Interexchange Telecommunications Services Throughout Missouri.

2. The Commission has granted the timely applications to intervene of SWBT, the "Small Telephone Company Group"<sup>1</sup>, Bourbeuse Telephone Company and Fidelity Telephone Company ("Fidelity"). GTE did not seek and has not been granted intervention in this proceeding.

3. For purposes of this Stipulation and Agreement, the parties agree that applications for basic local exchange authority in exchanges served by "large" local exchange

<sup>1</sup> The 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.

companies (LECs)<sup>2</sup> should be processed in a manner similar to that in which applications for interexchange and local exchange authority are currently handled.

4. In determining whether BSE's application for a certificate of service authority should be granted, the Commission should consider BSE's technical, financial and managerial resources and abilities to provide basic local and long distance telecommunications services. BSE must demonstrate that the basic local services that 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 and long distance service tariff(s) with the Commission in the same manner and form as the Commission requires of telecommunications companies with which the Applicant seeks to compete. Further, BSE agrees 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., as a condition of certifications and competitive classification, BSE 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 for the large incumbent LEC(s) for each service area within which the Applicant seeks authority to provide service.<sup>3</sup> Further, BSE 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 the exchange boundaries of the incumbent local exchange telecommunications companies in the same area and must be no smaller than an exchange. Finally, applicant agrees to provide equitable access to affordable telecommunications services,

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<sup>2</sup> The large LECs are currently Southwestern Bell Telephone Company, GTE and Sprint-United.

<sup>3</sup> For the applicant, this places an effective cap at Southwestern Bell's access rates.

as determined by the Commission, for all Missourians within the geographic area in which it proposes to offer basic local service, regardless of residence or income.<sup>4</sup>

5. BSE has submitted with its original application an illustrative tariff for the resale of SWBT, GTE and Sprint-United services with a 45-day effective date. Applicant has entered into negotiations with GTE, Sprint-United and SWBT, but has not finalized an interconnection agreement with any of these companies. Applicant requests a temporary waiver of 4CSR 240.2.060(4)(H).<sup>5</sup> BSE agrees to file its initial tariff(s) in the certification docket and to 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 BSE 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(s), BSE shall also file and serve a written disclosure of all resale or interconnection agreements which affect its Missouri service areas and all portions of its Missouri service areas for which it does not have an interconnection agreement with the incumbent local exchange carrier with its explanation of why such an interconnection agreement is unnecessary for such areas.

6. Pursuant to Section 392.420 RSMo., BSE has requested that the Commission waive the application of any or all of the following statutory provisions and rules for 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 BSE's services:

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<sup>4</sup> See Section 392.455 RSMo.

<sup>5</sup> Good 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.

STATUTORY PROVISIONS

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

COMMISSION RULES

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

7. In negotiating the remaining provisions of this Stipulation and Agreement, the parties have employed the foregoing standards and criteria, which are intended to meet the requirements of existing law and Sections 392.450 and 392.455, RSMo., regarding applications for certificates of service authority to provide basic local telecommunications services.

BSE's Certification

8. BSE has submitted as Exhibit E to its Application a listing of the specific exchanges in which it seeks authority to provide basic local telecommunication services. The exchanges identified are those currently served by SWBT, Sprint-United, and GTE. BSE hereby agrees that its original Application should be deemed further amended as required to include by reference the terms and provisions described in paragraphs 4 through 6 hereinabove and paragraph 11 below to the extent that its original Application might be inconsistent therewith.

9. Based upon its verified Application, as amended by this Stipulation and Agreement, BSE asserts, and no party makes a contrary assertion, that there is sufficient evidence from which the Commission should find and conclude that BSE:

- A. possesses sufficient technical, financial and managerial resources and abilities to provide basic local telecommunications services;
- B. proposes and agrees to offer basic local services that will 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;
- D. will offer basic local telecommunications services as a separate and distinct service;
- E. has agreed to provide equitable access to affordable telecommunication services 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; and
- F. has sought authority which will serve the public interest.

10. BSE asserts and no party opposes, that BSE's application and request for authority to provide basic local and long distance services (including exchange access services) should be granted. All services authorized herein should be classified as competitive telecommunications services (provided that the requirements of Section 392.200, RSMo., continue to apply) and BSE shall be classified as a competitive telecommunications company. BSE asserts, and no party opposes, that such services will be subject to sufficient competition by the services of the incumbent LECs to justify a lesser degree of regulation for BSE services consistent with the protection of ratepayers and the promotion of the public interest. Such classification should become effective upon the tariffs for their 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, RSMo. Any increases in switched access service rates above the maximum switched access service rates as set forth in paragraph 4 herein shall be cost-justified and be made pursuant to Sections 392.220 and 392.230, and not Sections 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 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 be made pursuant to Sections 392.220 and 392.230 and not Sections 392.500 and 392.510.”

11. BSE’s request for a temporary 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. It should be granted because although BSE has initiated negotiations with SWBT, GTE and Sprint-United, BSE does not have an approved resale agreement with SWBT, GTE and Sprint-United and BSE does not yet have approved interconnection agreements with the large incumbent LECs. BSE agrees that at such time as all facts necessary for the development of tariffs become known, it 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. BSE 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 temporary waiver of 4 CSR 240-2.060(4)(H), substantially as follows:

"The Applicant's request for temporary waiver of 4 CSR 240-2.060(4)(H) is hereby granted for good cause in that Applicant does not yet have an approved interconnection agreement with the incumbent local exchange carriers within whose service areas it seeks authority to provide service; provided, when Applicant submits its tariffs in this docket to the Commission such tariffs shall have a minimum 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 area and all portions of its Missouri service areas for which it does not have an interconnection agreement with the incumbent local exchange carrier with its explanation of why such interconnection agreement is unnecessary for any such areas."

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

<u>STATUTORY PROVISIONS</u>	<u>COMMISSION RULES</u>
Section 392.210.2	4 CSR 240-10.020
Section 392.270	4 CSR 240-30.040
Section 392.280	4 CSR 240-35
Section 392.290.1	
Section 392.300.2	
Section 392.310	
Section 392.320	
Section 392.330	
Section 392.340	

13. 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 are made without prejudice to the rights of the signatories to take other positions in other proceedings.

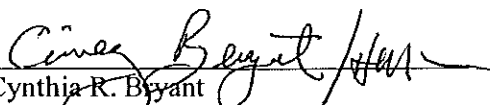
14. In the event that the Commission accepts the specific terms of this Stipulation and Agreement, the parties and participants waive, with respect to the issues resolved herein, their respective rights pursuant to Section 536.080.1, RSMo., to present testimony, to cross-examine witnesses, and to present oral argument or written briefs; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo.; and their respective rights to seek rehearing pursuant to Section 386.500, RSMo.; and to seek judicial review pursuant to Section 386.510, RSMo. 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 BSE's application made herein.

15. 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 such 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

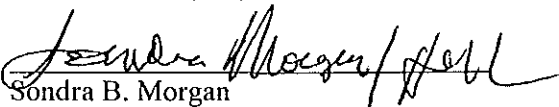
whether or not the Commission approves and adopts this Stipulation and Agreement. The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that 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 the Staff. The Staff's oral explanation shall be subject to public disclosure.

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 BSE, subject to the conditions described above, as expeditiously as possible.

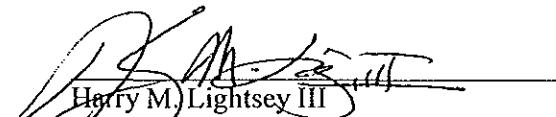
Respectfully submitted,

  
Cynthia R. Bryant  
Assistant General Counsel  
Missouri Bar No. 47937

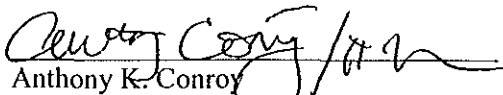
Attorney for the Staff of the  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102  
573-751-7431  
573-751-9285 (Fax)

  
Sondra B. Morgan  
Brydon, Swearngen & England, P.C.  
Missouri Bar No. 35482

Attorney for Brydon, Swearngen  
& England, P.C.  
312 East Capitol Avenue  
Jefferson City, MO 65101  
573-635-7166  
573-635-0427

  
Harry M. Lightsey III  
General Counsel and External Affairs  
and Secretary  
Missouri Bar No. 33398

Attorney for BellSouth BSE, Inc.  
2727 Paces Ferry Road  
Bldg. 200, Suite 1100  
Atlanta, GA 30339  
770-803-2289  
770-803-2325 (Fax)

  
Anthony K. Conroy  
Southwestern Bell Telephone Company  
Missouri Bar No. 35199

Attorney for Southwestern Bell  
Telephone Company  
100 North Tucker Boulevard, Room 630  
St. Louis, MO 63101  
314-247-4266  
314-247-0881 (Fax)

BellSouth BSE, Inc.

Case No. \_\_\_\_\_

**EXHIBIT E**

**Proposed Exchanges to be Served**

Proposed Exchanges to be Served

Exchanges Served by Southwestern Bell:

Adrian	Climax Sprgs N.	Helena	Meadville
Advance	Creve Coeur	Herculaneum-	Meta
Agency	De Kalb	Pevely	Mexico
Altenburg-	De Soto	Higbee	Moberly
Frohnn	Deering	High Ridge	Monett
Antonia	Delta	Hillsboro	Montgomery City
Archie	Dexter	Holcomb	Morehouse
Argyle	Downing	Hornersville	Nashua
Armstrong	E. Independence	Horseshoe Bend	Neosho
Ash Grove	East Prairie	House Springs	Nevada
Beaufort	Edina	Imperial	New Franklin
Bell City	Eldon	Independence	New Madrid
Belton	Elsberry	Jackson	Nixa
Benton	Essex	Jasper	Oak Ridge
Billings	Eureka	Joplin	Oakville
Bismarck	Excelsior Spgs.	Kansas City	Old Appleton
Bloomfield	Fair Grove	Kaskaskia	Oran
Bloomsdale	Farley	Kennett	Osage Beach
Blue Springs	Farminton	Kirksville	Overland
Bonne Terre	Fayette	Kirkwood	Pacific
Boonville	Fenton	Knob Noster	Parkville
Bowling Green	Ferguson	La Monte	Patton
Bridgeton	Festus-	Ladue	Paynesville
Brookfield	Crystal City	Lake Ozark	Perryville
Camdenton	Fisk	Lamar	Pierce City
Camdenton N.	Flat River	Lancaster	Pocahontas-
Campbell	Florissant	Leadwood	New Wells
Cape Girardeau	Frankford	Lees Summit	Pond
Cardwell	Fredericktown	Lilbourne	Poplar Bluff
Carl Junction	Freeburg	Linn	Portage des Sioux
Carrollton	Fulton	Lockwood	Portageville
Carthage	Gideon	Louisiana	Puxico
Caruthersville	Gladstone	Macks Creek	Puxico West
Cedar Hill	Glasgow	Malden	Quin
Center	Grain Valley	Manchester	Raytown
Chaffee	Gravois Mills	Marble Hill	Republic
Charleston	Gray Summit	Marceline	Richmond
Chesterfield	Greenwood	Marionville	Richwoods
Chillicothe	Hannibal	Marshall	Risco

Exchanges Served by Southwestern Bell, (cont'd):

Clarksville	Harvester	Marston	Riverview
Clever	Hayti	Maxville	Rogersville
Climax Springs	Hazelwood	McClure	Rushville
			Saint Charles
Saint Clair	Smithville	Town & Country	Webb City
Saint Joseph	S. Independence	Trenton	Webster Groves
Saint Louis	South Kansas City	Tuscumbia	Weldon Springs
Saint Marys	Spanish Lake	Union	Wellsville
Sainte Genevieve	Springfield	Valley Park	Westphalia
San Antonio	St. Charles	Versailles	Willard
Sappinton	St. Louis	Vienna	*Woods Mill
Scott City	Stanberry	Walnut Grove	Wyatt
Sedalia	Strafford	Wardell	
Senath	Sunrise Beach	Ware	
Sikeston	Tiffany Springs	Washington	

Exchanges Served by GTE Midwest, Inc.:

Alton	Elmer	La Belle	Preston
Anapolis	Eminence	La Plata	Protem
Arcola	Everton	Laddonia	Reeds Spring
Augusta	Exeter	Leasburg	Revere
Avilla	Foley	Lesterville	Roby
Belgrade	Fordland	Licking	Rockaway Beach
Belleview	Foristell	Louisburg	Rockvilleach
Birch Tree	Forsyth	Lowry City	Safe
Bland	Fremont	Manes	Saint James
Blue Eye	Gainesville	Mano	Saint Peters
Bourbon	Galena	Marshfield	Santa Fe
Bradleyville	Golden City	Marthasville	Sarcoxie
Branson	Gorin	Milo	Schell City
Branson West	Greenfield	Montauk	Sheldon
Bronaugh	Groverspring	Morrison	Shell Knob
Buffalo	Hartville	Moscow Mills	Sparta
Bunker	Hawk Point	Mount Sterling	Stoutsville
Caledonia	Hermitage	Nebo	Summersville
Cape Fair	High Hill	New Melle	Thayer
Cassville	Highlandville	Niangua	Theodosia
Caulfield	Holstein	Norwood	Thomasville
Cedar Creek	Hurley	O'Fallon	Timber



Centerville	Irondale	Oates	Troy
Chamois	Ironton	Old Monroe	Truxton
Concordia	Jamestown	Ozark	Urbana
Conway	Jenkins	Perry	Van Buren
Cross Timbers	Jerico Springs	Pittsburg	Vanzant
Cuba	Hurley	Potosi	Vichy
Dadeville	Irondale	Prairie Home	Walker
Dardenne	Ironton		Warrenton
Defiance	Jamestown		Washburn
El Dorado Spgs.	Jenkins		Wasola
Elkland	Jerico Springs		Wentzville
Ellsinore	Jonesburg		Wheatland
	Kimberling City		Willow Springs
	Koshkonong		Winfield
			Winona
			Woolridge
			Wright City

Exchanges Served by GTE North, Inc.:

Amazonia	Clarksdale	Hamilton	Rocheport
Ashland	Collins	Humansville	Rosendale
Ava	Columbia	Kahoka	Savannah
Avenue City	Cosby	Kidder	Stewartsville
Bolckow	Crane	Kingston	Sturgeon
Boss	Dora	Macon	Trimble
Braymer	Easton	Mansfield	Wayland
Cameron	Edgar Springs	Maysville	Weaubleau
Centralia	Fillmore	Osborn	Whitesville
Clark	Gower	Osceola	

United Telephone Company of Missouri:

Appleton City	Holt	Orrick
Blackburn	Holts Summit	Otterville
Blairstown	Hopkins	Pickering
Brazito	Houstonia	Platte City
Buckner	Ionia	Pleasant Hill
Butler	Jefferson City	Richland
Calhoun	Kearney	Rolla
California	King City	Russelville
Camden Point	Kingsville	Saint Robert
		*Saint Thomas

Centertown  
Chilhowee  
Clarksburg  
Clinton  
Coal  
Cole Camp  
Craig  
Dearborn  
Deepwater  
Edgerton  
Eugene  
Fairfax  
Ferrelview  
Fort Leonard Wood  
Green Ridge  
Hardin  
Harrisonville  
Henrietta  
Holden

Lake Lotawana  
Lebanon  
Leeton  
Lexington  
Lincoln  
Lonejack  
Malta Bend  
Maryville  
Missouri City  
Montrose  
Mound City  
New Bloomfield  
Newburg  
Norborne  
Oak Grove  
Odessa

Salem  
Smithton  
Strasburg  
Sweet Springs  
Syracuse  
Taos  
Tarkio  
Tipton  
Urich  
Warrensburg  
Warsaw  
Waverly  
Waynesville  
Wellington  
Weston  
Windsor

**RECEIVED**  
JAN 14 1993  
COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION