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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of KMC)
Telecom III, Inc., for a Certificate of)
Service Authority to Provide Interexchange) Case No. TA-99-576
and Local Exchange Telecommunications) Tariff No. 9900917
Services in the state of Missouri and for)
for Competitive Classification.)

ORDER APPROVING INTEREXCHANGE AND NONSWITCHED LOCAL EXCHANGE
CERTIFICATES OF SERVICE AUTHORITY AND ORDER APPROVING TARIFF

KMC Telecom III, Inc. (KMC), applied to the Public Service Commission on May 26, 1999, for certificates of service authority to provide intrastate interexchange and nonswitched local exchange telecommunications services in Missouri under Section 392.410-.450, RSMo 1994, and RSMo Supp. 1998.¹ KMC 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. KMC is a Delaware corporation, with its principal office located at 1545 Route 206, Suite 300, Bedminster, New Jersey 07921-2567.

The Commission issued a Notice of Applications for Intrastate Certificates of Service Authority and Opportunity to Intervene on June 1, directing parties wishing to intervene to file their requests by June 16. This notice stated that KMC was applying for authority to provide interexchange telecommunications services. On June 22, a Notice of Correction was included in the Notice of Applications and

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

Opportunity to Intervene to reflect the fact that KMC is applying for authority to provide local exchange telecommunications services as well as interexchange services. The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence. State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). Since no one has asked permission to intervene or requested a hearing, the Commission may grant the relief requested based on the verified application.

KMC filed a proposed tariff in conjunction with its application and filed substitute sheets on June 23 and 29. The tariff's effective date was extended from July 10 to July 17. KMC's tariff describes the rates, rules, and regulations it intends to use, identifies KMC as a competitive company, and lists the waivers requested. KMC intends to provide interexchange and nonswitched local exchange telecommunications services including 1+, 800/888/877 services, directory assistance, operator assistance, private line, and travel card services.

In its memorandum filed on July 1, the Staff of the Commission stated that KMC's proposed services are similar to existing interexchange telecommunications offerings. Staff recommended that the Commission grant KMC a certificate of interexchange service authority, and a certificate of service authority for local exchange telecommunications services on condition that this authority be restricted to providing dedicated, nonswitched local exchange private line services. Staff recommended that the Commission grant KMC competitive status,

and waiver of the statutes and rules listed in the Notice. Staff recommended that the Commission approve the proposed tariff as amended to become effective on July 17.

The Commission finds that competition in the intrastate interexchange and nonswitched local exchange telecommunications markets is in the public interest and KMC should be granted certificates of service authority. The Commission finds that the services KMC proposes to offer are competitive and KMC should be classified as a competitive company. The Commission finds that waiving the statutes and Commission rules set out in the ordered paragraph below is reasonable and not detrimental to the public interest.

The Commission finds that KMC's proposed tariff details the services, equipment, and pricing it proposes to offer, and is similar to tariffs approved for other Missouri certificated interexchange and nonswitched local exchange carriers. The Commission finds that the proposed tariff filed on May 26 shall be approved as amended to become effective on July 17.

IT IS THEREFORE ORDERED:

1. That KMC Telecom III, Inc., is granted a certificate of service authority to provide intrastate interexchange telecommunications services in the state of Missouri, subject to the conditions of certification set out above.

2. That KMC Telecom III, Inc., is granted a certificate of service authority to provide local exchange telecommunications services in the state of Missouri limited to providing dedicated, nonswitched local exchange private line services, subject to all

applicable statutes and Commission rules except as specified in this order.

3. That KMC Telecom III, Inc., is classified as a competitive telecommunications company. Application of the following statutes and regulatory rules shall be waived:

Statutes

392.240(1) - ratemaking
392.270 - valuation of property (ratemaking)
392.280 - depreciation accounts
392.290 - issuance of securities
392.310 - stock and debt issuance
392.320 - stock dividend payment
392.340 - reorganization(s)
392.330, RSMo Supp. 1998 - issuance of securities,
debts and notes

Commission Rules

4 CSR 240-10.020 - depreciation fund income
4 CSR 240-30.010(2)(C) - rate schedules
4 CSR 240-30.040 - Uniform System of Accounts
4 CSR 240-32.030(1)(B) - exchange boundary maps
4 CSR 240-32.030(1)(C) - record-keeping
4 CSR 240-32.030(2) - in-state record-keeping
4 CSR 240-32.050(3) - local office record-keeping
4 CSR 240-32.050(4) - telephone directories
4 CSR 240-32.050(5) - call intercept
4 CSR 240-32.050(6) - telephone number changes
4 CSR 240-32.070(4) - public coin telephone
4 CSR 240-33.030 - minimum charges rule
4 CSR 240-33.040(5) - financing fees

4. That the tariff filed by KMC Telecom III, Inc., on May 26, 1999, and assigned Tariff File No. 9900917, is approved as amended to become effective on July 17, 1999. The tariff approved is:

Missouri P.S.C. Tariff No. 1
Original Sheet 1 through Original Sheet 57

5. That this order shall become effective on July 17, 1999.

6. That this case may be closed on July 19, 1999.

BY THE COMMISSION

A handwritten signature in black ink that reads "Dale Hardy Roberts". The signature is written in a cursive style with a large initial "D".

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

Dated at Jefferson City, Missouri,
on this 13th day of July, 1999.

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION