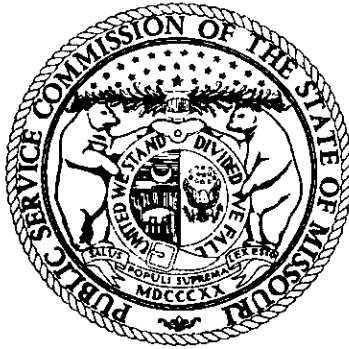


**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**



In the Matter of MFS Intelenet of Missouri, Inc.,)
for Approval of IntraLATA Presubscription)
Implementation Plan.)
)

Case No. TO-97-254

REPORT AND ORDER

Issue Date: September 11, 1997

Effective Date: September 23, 1997

OF THE STATE OF MISSOURI

Case No. TO-97-254

APPEARANCES

Carl J. Lumley and Elaine M. Walsh, Curtis, Oetting, Heinz, Garrett & Soule, 130 South Bemiston, Suite 200, St. Louis, Missouri 63105, for MCI Telecommunications Corporation.

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.

Penny G. Baker, Deputy General Counsel, and 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: L. Anne Wickliffe, Deputy Chief.

REPORT AND ORDER

I. Procedural History

MFS Intelenet of Missouri, Inc. (MFS) filed a 1+ IntraLATA Toll Dialing Parity Implementation Plan (Plan) with the Commission for approval on December 24, 1996. The Plan (attached to this Report and Order as Attachment A) was submitted to comply with the Federal Telecommunications Act of 1996 (the Act) and the Federal Communications Commission's Second Report and Order¹, FCC 96-333 (FCC Order). The Commission granted intervention on February 10, 1997, to MCI Telecommunications Corporation (MCI), the Mid-Missouri Group of Local Exchange Telephone Companies² (MMG), Southwestern Bell Telephone Company (SWBT), and the Small Telephone Company Group³ (STCG). The Commission established a procedural schedule and

¹ In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, Second Report and Order (Fed. Comm. Comm'n, Aug. 8, 1996).

² Alma Telephone Company, Chariton Valley Telephone Corporation, Choctaw Telephone Company, Mid-Missouri Telephone Company, Modern Telephone Co., Mo-Kan Dial, Inc., Northeast Missouri Rural Telephone Company, and Peace Valley Telephone Company, Inc..

³ BPS Telephone Company, Bourbeuse Telephone Company, Cass County Telephone Company, Citizens Telephone Company of Higginsville, Missouri, Inc., Craw-Kan Telephone Cooperative, Inc., Ellington Telephone

parties submitted prefiled testimony. However, on May 15, 1997, the parties filed a Stipulation and Agreement (SA) purporting to resolve the issues and a Motion to Waive Evidentiary Hearing. The SA (attached to this Report and Order as Attachment B) included the statement that the parties were in agreement that MFS's Plan should be approved, consistent with the order issued in Case No. TO-97-253, In the Matter of United Telephone Company of Missouri d/b/a Sprint's 1+ IntraLATA Toll Dialing Parity Implementation Plan. See SA, page 2, paragraph 3. The SA further stated that "MFS agrees to make any necessary supplementary filing to its plan as soon as practicable to incorporate Staff's proposed modifications." *Id.* Nothing in the SA indicated what the modifications were that were being proposed by the Staff of the Commission (Staff) and agreed to here. The Commission issued a notice on July 3 directing Staff to file a pleading no later than July 18 addressing the proposed modifications. Staff filed a Staff Response on July 18 stating that the language regarding "proposed modifications" was inserted to address concerns that the SA not be inconsistent with the Report and Order to be issued in Case No. TO-97-253. Once the order in that case was issued, on May 6, Staff determined that there were no inconsistencies but failed to advise the Commission to that effect. Staff stated that it has no further modifications to propose to MFS's Plan.

Company, Farber Telephone Company, Fidelity Telephone Company, Goodman Telephone Company, Goodman Telephone Company, Inc., Granby Telephone Company, Grand River Mutual Telephone Corporation, Green Hills Telephone Corporation, Holway Telephone Company, Iamo 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, Seneca Telephone Company, and Stoutland Telephone Company.

II. Discussion

A. MFS Intelenet's Proposed Plan:

The FCC's Second Report and Order requires any LEC (local exchange company) that begins providing in-region interLATA, or in-region interstate toll services before August 8, 1997, to implement toll dialing parity by August 8. MFS offered its Plan in compliance with this requirement although, at the time MFS filed the Plan and entered into the SA, the company was not yet providing facilities-based basic local telecommunications services. The parties agreed that the FCC's requirement to implement intraLATA presubscription will not apply to MFS as long as it is providing only resold services. The parties agreed that, once MFS begins serving Missouri customers using its own switch, it will implement presubscription for the customers served in this way.

Under the Plan MFS has proposed it will, at the appropriate time, implement a full two-PIC (Primary Interexchange Carrier) method for intraLATA presubscription. All MFS customers who are served from MFS's own switch will be presubscribed to an interexchange carrier. The customer may presubscribe to the same carrier for both interLATA and intraLATA service, or may choose different carriers for the two services. The customer may also choose to receive service under a "NO PIC" option which will allow the customer to reach interexchange carriers by dialing an access code. Carriers will have the option of providing both interLATA and intraLATA services or only one.

Consistent with the Commission's order in TO-97-253, MFS will not ballot its customers.⁴ When MFS begins service using its own switch it will initially presubscribe all customers to MFS and accept PIC changes from customers directly. MFS will accept PIC changes from alternative carriers only by means of the company's Customer Account Record Exchange 960 byte format using a paper medium. MFS will bill the customer a \$5.00 PIC change charge for each line where a PIC change is made. In a further effort to avoid unauthorized PIC changes, known in the industry as slamming, MFS will offer intraLATA PIC Freeze service to all customers at no charge. MFS will accept changes to the PIC Freeze status only from customers and not from other carriers.

B. Customer Notice:

Although MFS's Plan contains some exemplary precautions against customer slamming, there are no provisions for customer notice. The Commission is aware of the fact that MFS currently is not in a position to offer intraLATA presubscription. However, this case is premised on the idea that the company eventually will be providing facilities-based service and intraLATA presubscription. Accordingly, the company should prepare a customer notice for use when needed. The Commission refers MFS to the company notice proposed by Sprint-United and approved in Case No. TO-97-253 (Attachment C to this order) for guidance.

⁴ See In the Matter of United Telephone Company of Missouri d/b/a Sprint's 1+ IntraLATA Toll Dialing Parity Implementation Plan, Case No. TO-97-253, Report and Order issued May 6, 1997, page 11, Finding of Fact 3.

II. Findings of Fact

Having considered all of the competent and substantial evidence on the record, the Commission finds as follows:

1. That MFS's implementation plan shall be approved.
2. That MFS shall put its plan into effect immediately once it begins serving Missouri customers with basic local exchange service using its own switch.
3. That MFS shall give customer notice of its Plan by means of a separate mailing and that balloting is not necessary.
4. That MFS shall submit to the Commission for approval a customer notice similar to the notice approved in TO-97-253.

III. Conclusions of Law

The Missouri Public Service Commission has reached the following conclusions of law:

MFS is a public utility and a telephone company subject to the Commission's jurisdiction under Section 386.250 and Chapter 392, RSMo 1994. The Federal Telecommunications Act of 1996 and the Federal Communications Commission require LECs that offer in-region interLATA, or in-region interstate toll services, to implement intraLATA equal access by August 8, 1997. Under these criteria, MFS is not currently subject to this requirement.

MFS has submitted for approval an intraLATA dialing parity implementation plan to go into effect when MFS begins serving Missouri customers from its own switch. Based upon its findings of fact, the Commission has determined that the Plan shall be approved.

The parties have submitted a Stipulation and Agreement purporting to resolve the issues. The Commission may approve a stipulation to resolve a case under the authority of Section 536.060, RSMo Supp. 1996.

IT IS THEREFORE ORDERED:

1. That the implementation plan proposed by MFS Intelenet of Missouri, Inc. (Attachment A) on December 24, 1996, is approved.

2. That the Stipulation and Agreement filed by the parties on May 15, 1997, (Attachment B) is approved.

3. That MFS Intelenet of Missouri, Inc. shall immediately implement the plan approved in Ordered Paragraph 1 when it begins providing basic local telecommunications services to Missouri customers using its own switch.

4. That MFS Intelenet of Missouri, Inc. shall advise customers of the implementation of intraLATA dialing parity by means of a separate mailing, the form of which shall be approved by the Commission.

5. That MFS Intelenet of Missouri, Inc. shall file with the Commission a proposed customer notice in compliance with this Report and Order no later than 15 days after it begins providing basic local telecommunications services to Missouri customers using its own switch.

6. That this Report and Order shall become effective on
September 23, 1997.

BY THE COMMISSION



**Cecil L. Wright
Executive Secretary**

(S E A L)

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

Dated at Jefferson City, Missouri,
on this 11th day of September, 1997.

MFS COMMUNICATIONS COMPANY, INC.

INTRALATA PRESUBSCRIPTION IMPLEMENTATION PLAN

INTRODUCTION

MFS will initiate the process that will give end user customers the opportunity to designate a carrier for their intraLATA toll call traffic in those market areas where MFS is a facility based local exchange service provider. IntraLATA toll calls will automatically be directed to the designated carrier without the customer having to dial an access code.

GENERAL INFORMATION

MFS will deploy two PIC (Primary Interexchange Carrier) technology in its switches. This technology will enable the customer to presubscribe to the same or a different carrier for their intraLATA and/or interLATA service.

Appropriate tariffs will be revised and filed in accordance with this plan.

MFS will offer customers the ability to access all participating carriers by dialing the appropriate access code (10XXX/101XXXX).

All eligible MFS end user telephone line numbers will be presubscribed and must have a PIC associated with them

CARRIER INFORMATION

Carriers will have the option of offering intraLATA service only or intraLATA and interLATA service.

MFS will notify potential carriers sixty days prior to the initial availability of presubscription in specific market areas. Carriers will have the option of participating in all market areas or in a specific market area.

Carriers will be required to return a completed Non-Disclosure Agreement and Participation Agreement(s). These documents will be provided to carriers as part of the MFS carrier correspondence process.

MFS will not participate in billing disputes for intraLATA service between alternative competing carriers and their customers.

Carriers wishing to participate will be requested to submit Access Service Requests/ Translation Questionnaires to the Access Tandem owner and to MFS.

NETWORK INFORMATION

All originating intraLATA traffic will initially be routed via the incumbent Local Exchange Carrier (LEC) Access Tandem(s). Following conversion, direct trunks between the MFS switch and the carrier location(s) may be provisioned where traffic volumes warrant.

Carriers must have Feature Group D trunks in place (or ordered) between their point of presence and the incumbent LEC Access Tandem(s).

MFS will route all originating intraLATA traffic to the designated carrier and will only block traffic at the request of the end user customer and/or in compliance with regulatory regulations. Requests from carriers to block traffic or to remove customers from their network will not be honored. Calls that cannot be completed to a carrier will be routed to an announcement.

CUSTOMER CONTACT INFORMATION

MFS customer contact representatives will process customer initiated PIC selections to MFS or to an alternative intraLATA carrier. Carriers will have the option of allowing the MFS representative to process PIC requests on their behalf.

MFS will not ballot or allocate their customer base. At the time of conversion, all customers will be PIC'd to MFS.

Alternative carriers may submit PIC changes to MFS via a fax/paper interface. Details regarding this process will be provided as part of our carrier correspondence.

MFS will accept as a bona fide PIC a selection of "NO PIC" as a choice. "NO PIC" customers will have access code dialing capability to reach participating intraLATA carriers.

MFS will provide customers with a confirmation notification of their PIC (MFS or an alternative carrier) selection.

MFS representatives will provide alternative carrier(s) names and contact telephone number (if provided by carrier) to customers in random order upon customer request. MFS representatives will not discuss alternative carrier rates or services and will not provide customers with Carrier Identification Codes or access code dialing instructions.

MFS representatives will not initiate or accept three way calls from alternative carriers to discuss presubscription.

PRESUBSCRIPTION INFORMATION

A five dollar PIC change charge will be incurred and billed to the customer for each eligible line where a PIC change is made.

In an effort to reduce unauthorized PIC changes, MFS will offer intraLATA PIC Freeze service to all customers at no charge. PIC Freeze can only be initiated (or removed) by the customer requesting it through their MFS representative.

Carriers will be required to submit PIC changes using the Customer Account Record Exchange (CARE) 960 byte format via paper medium. MFS will provide carriers with PIC order confirmation and reject information using the CARE format. Specific details regarding CARE will be provided to participating carriers.

For customers who change their local service provider from the incumbent LEC to MFS and retain their incumbent LEC telephone number(s), MFS, as part of the CARE PIC process, will provide the selected intraLATA carrier with both the retained (incumbent LEC) telephone number and the MFS telephone number.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

MAY 15 1997

MISSOURI
PUBLIC SERVICE COMMISSION

In the Matter of MFS Intelenet of)
Missouri, Inc. for Approval of IntraLATA)
Presubscription Plan.)

Case No. TO-97-254

STIPULATION AND AGREEMENT

1. MFS Intelenet of Missouri, Inc. ("MFS") filed a Motion for Approval of its 1+ IntraLATA Implementation Plan and Petition for Suspension of Implementation Schedule with the Commission on December 24, 1996. The implementation plan was submitted to comply with the Federal Telecommunications Act of 1996 ("the Act") and the Federal Communications Commission's Second Report and Order, FCC 96-333 ("FCC Order"). The Commission subsequently issued an Order and Notice granting temporary suspension of the FCC implementation schedule, setting an intervention deadline of January 30, 1997, and setting a prehearing conference for February 7, 1997.

2. On February 10, 1997 the Commission granted intervention to the following parties: MCI Telecommunications Corporation ("MCI"), the Mid-Missouri Group of Local Exchange Telecommunications Companies¹ ("Mid-Missouri Group"), Southwestern Bell Telephone Company ("SWB"), and the Small Telephone Company Group². While these

¹ The Mid-Missouri Group of Local Exchange Companies consists of Alma Telephone Company, Chariton Valley Telephone Company, Choctaw Telephone Company, Mid-Missouri Telephone Company, Modern Telephone Company, Mo-Kan Dial Inc., Northeast Missouri Telephone Company, and Peace Valley Telephone Company.

² For purposes of this proceeding, the "Small Telephone Company Group" consists of BPS Telephone Company, Bourbeuse Telephone Company, Cass County Telephone Company, Citizens Telephone Company of Higginsville, Missouri, Inc., Craw-Kan Telephone Cooperative, Inc., Ellington Telephone Company, Farber Telephone Company, Fidelity Telephone Company, Goodman Telephone Company, Inc., Granby Telephone

interventions were not formally granted until February 10, 1997, counsel for MFS, Office of the Public Counsel, the Staff and for those seeking intervention, met on February 7, 1997 at the scheduled prehearing conference and proposed a procedural schedule which was granted in the Commission's Order Adopting Procedural Schedule on March 3, 1997. Only the following parties subsequently filed testimony in this proceeding: MFS, the Staff, and SWB.

3. For purposes of this Stipulation and Agreement, the parties agree that the Commission should issue its Order approving the IntraLATA Implementation Plan filed by MFS in this proceeding, consistent with the Commission's Order issued on May 6, 1997 in Case No. TO-97-253, *In the Matter of United Telephone Company of Missouri d/b/a Sprint's 1+ IntraLATA Toll Dialing Parity Implementation Plan*. MFS agrees to make any necessary supplementary filings to its plan as soon as practicable to incorporate Staff's proposed modifications.

4. For purposes of this Stipulation and Agreement, the parties further agree that the FCC's requirement that MFS implement intraLATA presubscription by August 8, 1997 does not include the requirement for MFS to implement intraLATA presubscription while it is operating solely on a resold basis. MFS is not required to implement its intraLATA presubscription plan until such time as MFS actually begins to serve customers in Missouri using its own switch. At such time, MFS will implement presubscription for those customers

Telephone Company, Fidelity Telephone Company, Goodman Telephone Company, Inc., Granby Telephone Company, Grand River Mutual Telephone Corporation, Green Hills Telephone Corporation, Holway Telephone Company, Iamo 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, Seneca Telephone Company, Steelville Telephone Exchange, Inc., and Stoutland Telephone Company.

it serves using its own switch.

5. For purposes of this Stipulation and Agreement, the parties further agree that no suspension of the FCC's Implementation Schedule past August 8, 1997 is required and MFS hereby withdraws its request for same.

6. 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.

7. In the event 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 1994, 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 1994; and their respective rights to seek rehearing pursuant to Section 386.500 RSMo 1994 and to seek judicial review pursuant to Section 386.510 RSMo 1994. 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 the MFS application made herein.

8. 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 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 proceedings 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 to the Commission it 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 Staff. 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 approving the intraLATA

implementation plan submitted by MFS, as modified herein, as expeditiously as possible.

Respectfully submitted,

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FOR: Southwestern Bell Telephone
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Leland B. Curtis, MO Bar 20550
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130 S. Bemiston, Suite 200
St. Louis, Missouri 63105

FOR: The Mid-Missouri Group

FOR: MCI Telecommunications
Corporation

(Case No. TO-97-253)
(Filed May 13, 1997)

Customer
123 Main Street
Anywhere, MO xxxxx

319 Madison St.
Jefferson City, MO 65101

United Telephone

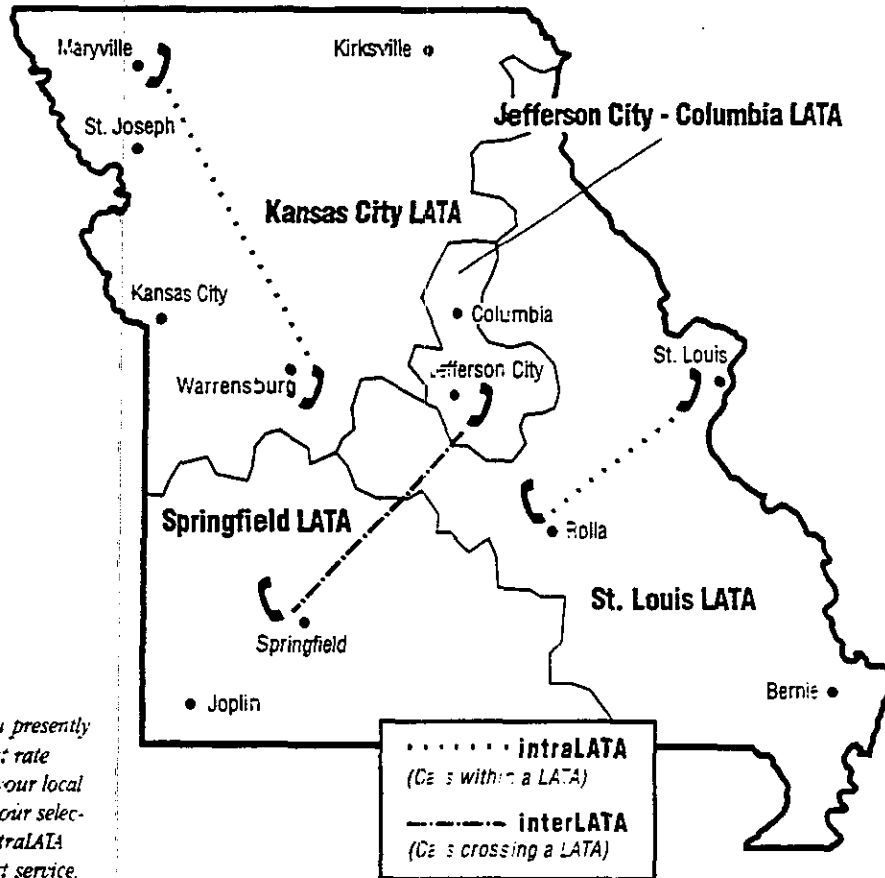
Missouri customers have the option to choose intraLATA providers

All Missouri residential and business customers will have the option of selecting a long-distance company to handle their intraLATA (local toll) 1+ and 0+ calls, currently carried by United Telephone. These are long-distance calls to nearby communities for which long-distance charges apply. Missouri is divided into major long-distance calling areas called LATAs. IntraLATA calls are long-distance calls to communities that are outside your local calling area, but **"within"** your LATA and, often within the state. **(See map inside).**

Currently, United Telephone carries all your 1+ and 0+ calls within your LATA. Beginning _____ you will have the option of selecting a long-distance company for intraLATA 1+ and 0+ calling. This means that any long-distance company can be used to place an intraLATA call without dialing additional digits. Long-distance service providers may have contacted you to market their services. A list of participating long-distance providers can be obtained by contacting United Telephone at 1-800-788-3500. You may select an intraLATA

long-distance company at no charge by contacting the long-distance service provider of your choice or United Telephone at the number listed above. If you do not choose an intraLATA service provider, United Telephone will continue to provide your intraLATA long-distance service.

If you change your intraLATA long-distance company after 180 days after implementation) or after your initial selection, you will incur a \$5.00 change of service fee.



Please note that if you presently subscribe to a COS flat rate dialing plan through your local telephone company, your selection of a different intraLATA carrier may affect that service.