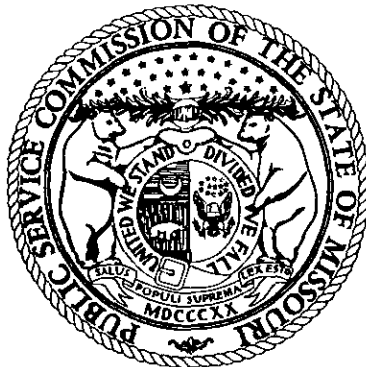


**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**



In the Matter of the Application of LCI International)
Telecom Corp. for a Certificate of Service Authority)
to Provide Basic Local Telecommunications Service in) Case No. TA-98-8
Portions of the State of Missouri and to Classify)
Said Services as Competitive.)
)

REPORT AND ORDER

Issue Date: October 15, 1997

Effective Date: October 28, 1997

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

In the Matter of the Application of LCI International)
Telecom Corp. for a Certificate of Service Authority)
to Provide Basic Local Telecommunications Service in) Case No. TA-98-8
Portions of the State of Missouri and to Classify)
Said Services as Competitive.)
)

APPEARANCES

Charles Brent Stewart, Stewart & Keevil, L.L.C., 1001 Cherry Street, Suite 302, Columbia, Missouri 65201, for LCI International Telecom Corp.

Diana J. Harter, Attorney, Southwestern Bell Telephone Company, 100 North Tucker Boulevard, Room 630, St. Louis, Missouri 63101-1976, for Southwestern Bell Telephone Company.

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

William K. Haas, Senior Counsel, Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri 65102, for the staff of the Missouri Public Service Commission.

REGULATORY LAW JUDGE: Elaine E. Bensavage.

REPORT AND ORDER

Procedural History

LCI International Telecom Corp. (LCI) applied to the Commission on July 7, 1997, for a certificate of service authority to provide basic local telecommunications services in Missouri under Sections 392.410 - .450, RSMo 1994¹. LCI subsequently filed a letter on July 9 clarifying that its proposed service areas would be no smaller than an exchange, and

¹ All statutory references are to Revised Statutes of Missouri 1994, except where otherwise noted.

indicating that the omission was a typographical error. LCI 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. LCI is a Delaware corporation with offices located at 8180 Greensboro Drive, McLean, Virginia 22102.

The Commission issued an Order and Notice on July 11, directing parties wishing to intervene in the case to do so by August 11. The Commission granted intervention to Southwestern Bell Telephone Company (SWBT) on August 25.

The parties filed a Stipulation and Agreement (Stipulation, Attachment A to this order) on September 12, and on the same date LCI filed a motion asking that the Commission waive the scheduling of an evidentiary hearing. The Commission Staff (Staff) filed Suggestions in Support of the Stipulation and Agreement on September 22, 1997.

Background

LCI has requested in the Stipulation that its original application be deemed amended by reference to the terms and provisions contained in ¶¶ 4-6 and ¶ 11 of the Stipulation, to the extent that its original application might be inconsistent therewith.

LCI, which is certificated to provide intrastate interexchange services in Missouri, wishes certification to provide both facilities-based and resold basic local telecommunications service.

LCI wants to provide basic local services in portions of Missouri that are currently served by SWBT, GTE Midwest Incorporated (GTE), and United Telephone Company of Missouri d/b/a Sprint (Sprint-United). LCI is not asking for certification in any area that is served by a small incumbent local exchange provider. The specific exchanges in which LCI

proposes to operate are described in Appendix B to the application (Attachment B to this order). LCI is requesting that its basic local exchange services be classified as competitive and that certain statutes and regulatory rules be waived for LCI.

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. LCI has provided all the required documentation except for the proposed tariff. The company has requested a temporary waiver of 4 CSR 240-2.060(4) (H) because it is impractical for LCI to submit a tariff until it has executed interconnection agreements with the incumbent local exchange carriers (ILECs) involved. LCI cannot price its resold services until it has reached price agreements with the ILECs from which it will purchase those services. The company has agreed that, once it is possible to do so, it will submit to the Commission for approval a proposed tariff with a minimum 30-day effective date. LCI will file the tariff in Case No. TA-98-8 and give notice of the tariff filing to all the parties and participants. Along with that filing LCI has agreed to provide a written disclosure of all interconnection agreements it has entered into which affect its Missouri service areas.

B. Basic Local Exchange Certification

Section 392.455, RSMo 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 their income.

1. Technical, financial and managerial resources and abilities.

LCI submitted Appendix C with its application, which 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 operations, technical and engineering, management, customer service, sales and marketing, legal, regulatory affairs, and accounting and finance.

LCI further stated that it possesses the necessary financial qualifications. LCI also indicated that it will rely on the financial resources of its parent corporation, LCI International, Inc. (LCII), which had gross operating revenue in 1996 exceeding \$1 billion, to support its expanded Missouri operations. In addition, LCI submitted as Appendix D

information regarding the financial resources of its parent corporation, including a copy of LCII's organizational chart, a press release regarding its earnings, and the Securities and Exchange Commission (SEC) Form 10-Q for the quarter ending September 30, 1996. The parties agreed in the Stipulation that LCI 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. LCI stated in its application that its services will include all forms of basic local telecommunications service to both business and residential customers, including basic dial tone, exchange access service, optional features, carrier access services, and other telecommunications services currently offered by the ILECs. LCI indicated that it initially intends to resell basic local service, but may construct or acquire facilities as conditions warrant. LCI also notes that it currently owns a digital fiber optic network that spans the Midwestern United States, which it uses to provide interexchange service. It also owns switches, maintains Point of Presence sites (POPs), and leases DS-0, DS-1, and DS-3 capacity. Since its interexchange network is entirely digital, LCI currently meets or exceeds all federal guidelines for service quality.

LCI has agreed to meet the Commission's minimum basic local service standards, including quality of service and billing standards. The parties agreed that LCI 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. LCI sets out in Appendix B to its application 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 LCI 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.** LCI has agreed to offer basic local telecommunications service as a separate and distinct service in accordance with applicable law.

5. **Equitable access for all Missourians to affordable telecommunications services.** LCI 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.

C. 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 Telecommunication 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 LCI should be classified as a competitive telecommunications company. The parties have also agreed that LCI's switched exchange access services may be classified as competitive services, conditioned upon certain limitations on LCI's ability to charge for its access services. LCI 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 LCI seeks to operate. The parties have agreed that the grant of service authority and competitive classification to LCI 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:

1. The Commission finds that competition in the basic local exchange telecommunications market is in the public interest.
2. The Commission finds that LCI 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 LCI 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 LCI 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 LCI a certificate of service authority to provide basic local exchange telecommunications services is in the public interest. LCI's certificate should become effective when its tariff becomes effective.
5. The Commission finds that LCI is a competitive company and should be granted waiver of the statutes and rules set out in Ordered Paragraph 3.
6. The Commission finds that LCI'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.

7. 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. LCI has requested certification under Sections 392.410 - .450. 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 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, 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 on its findings of fact, the Commission concludes that the Stipulation and Agreement should be approved and that LCI should be granted the certificate of service authority requested.

IT IS THEREFORE ORDERED:

1. That the Stipulation and Agreement filed on September 12, 1997 (Attachment A to this Report And Order) is adopted.

2. That LCI International Telecom Corp. 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 LCI International Telecom Corp. 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, RSMo Supp. 1996
 - 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 until LCI International Telecom Corp. has entered into a Commission-approved interconnection agreement or agreements that enable it to provide basic local exchange services.

5. That LCI International Corp. 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 the certification and competitive status of LCI International Telecom Corp. 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.

7. That this Report And Order shall become effective on
October 28, 1997.

BY THE COMMISSION



Cecil I. Wright
Executive Secretary

(S E A L)

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

Dated at Jefferson City, Missouri,
on this 15th day of October, 1997.

FILED

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

SEP 12 1997

**MISSOURI
PUBLIC SERVICE COMMISSION**

In the Matter of the Application of)
LCI International Telecom Corporation)
for a Certificate of Service Authority to)
Provide Basic Local Telecommunications)
Service in Portions of the State of Missouri)
and to Classify Said Services as Competitive.)

Case No. TA-98-8

STIPULATION AND AGREEMENT

1. LCI International Telecom Corporation (Applicant) initiated this proceeding on July 8, 1997, by filing an Application requesting a certificate of service authority to provide basic local telecommunications services on both a facilities-based and resale basis in exchanges currently served by Southwestern Bell Telephone Company (SWBT), GTE Midwest Incorporated (GTE), and United Telephone Company of Missouri, d/b/a/ Sprint) Sprint-United.

2. The Commission has granted the timely application to intervene of SWBT in its Order Granting Intervention and Directing Filing of Procedural Schedule issued on August 25, 1997.

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 companies (LECs)¹ 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 the Applicant's application for a certificate of service authority should be granted, the Commission should consider the Applicant's technical, financial

¹ In Missouri, the current large LECs are SWBT, GTE, and Sprint-United. Large LECs are defined as LECs which serve 100,000 or more access lines, § 386.020 RSMo.

and managerial resources and abilities to provide basic local telecommunications services. The Applicant must demonstrate that the basic local services 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 service tariff(s) with the Commission in the same manner and form as the Commission requires of incumbent local exchange telecommunications companies with which the Applicant seeks to compete. Further, the Applicant 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 §392.500 RSMo., as a condition of certification and competitive classification, the Applicant 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 in effect at the date of certification for the large incumbent LEC(s) within those service area(s) the Applicant seeks authority to provide service. The Applicant agrees to offer basic local telecommunications services 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 exchange boundaries of the incumbent local exchange telecommunications companies in the same area and must be no smaller than an exchange. Finally, the Applicant agrees to provide equitable access to affordable telecommunications services, 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.²

² See §392.455 RSMo.

5. The Applicant has submitted its application without tariffs and seeks a temporary waiver of 4 CSR 240-2.060(4)(H).³ The Applicant 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 the Applicant 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), the Applicant 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 §392.420, RSMo., the Applicant 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 §392.200, RSMo. should continue to apply to all of the Applicant's services:

STATUTORY PROVISIONS

- §392.210.2
- §392.270
- §392.280
- §392.290.1
- §392.300.2

³ 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.

§392.310
§392.320
§392.330
§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 §§392.450 and 392.455, RSMo., regarding applications for certificates of service authority to provide basic local telecommunications services.

The Applicant's Certification

8. The Applicant has submitted as Appendix B to its Application a listing of the specific exchanges in which it seeks authority to provide service. The exchanges identified are those currently served by SWBT, GTE and Sprint-United. The Applicant 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, the Applicant asserts, and no party makes a contrary assertion, that there is sufficient evidence from which the Commission should find and conclude that the Applicant:

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 telecommunications 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. The Applicant asserts, and no party opposes, that the Applicant's application and request for authority to provide basic local telecommunications service (including exchange access services) should be granted. All services authorized herein should be classified as competitive telecommunications services (provided that the requirements of §392.200, RSMo., continue to apply) and the Applicant shall be classified as a competitive telecommunications company. The Applicant 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 the Applicant's services consistent with the protection of ratepayers and the promotion of the public interest. Such classification should become effective upon the tariffs for

the 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 §392.200 and are conditional and shall not be exercised until such time as tariffs for services have become effective.

The parties agree that 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 §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 §§392.220 and 392.230, and not §§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 §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 §§392.220 and 392.230 and not §§392.500 and 392.510.

11. The Applicant'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 and should be granted because the Applicant does not yet have approved resale or interconnection agreements with the large incumbent LECs. The Applicant 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. The Applicant 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 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 resale or 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. 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.

13. 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 §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 §536.080.2, RSMo., and their respective rights to seek rehearing pursuant to §386.500, RSMo., and to seek judicial review pursuant to §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 the Applicant's application made herein.

14. The Staff may submit a Staff Recommendation concerning matters not addressed in this Stipulation and Agreement. 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 the Applicant, subject to the conditions described above.

Respectfully submitted,

LCI International Telecom Corporation

**Staff of the Missouri
Public Service Commission**

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been delivered to counsel for all parties of record by depositing same in the United States mail, first class postage prepaid, or by hand delivery, this 12th day of September, 1997.

Charles Brent Stewart

LCI International Telecom Corp.

Case No. _____

APPENDIX B

Exchanges Served by Southwestern Bell

Adrian	Delta	Independence	Oakville
Advance	Dexter	Jackson	Old Appleton
Agency	Downing	Jasper	Oran
Altenburg-frohnn	E. Independence	Joplin	Osage Beach
Antonia	East Prairie	Kansas City	Overland
Archic	Edina	Kennett	Pacific
Argyle	Eldon	Kirksville	Parkville
Armstrong	Elsberry	Kirkwood	Patton
Ash Grove	Essex	Knob Noster	Paynesville
Beaufort	Eureka	La Monte	Perryville
Bell City	Excelsior Springs	Ladue	Pierce City
Belton	Fair Grove	Lake Ozark	Pocahontas-
Benton	Farley	Lamar	New Wells
Billings	Farmington	Lancaster	Pond
Bismarck	Fayette	Leadwood	Poplar Bluff
Bloomfield	Fenton	Lees Summit	Portages des
Bloomsdale	Ferguson	Liberty	Sioux
Blue Springs	Festus-	Lilbourne	Portageville
Bonne Terre	Crystal City	Linn	Puxico
Boonville	Fisk	Lockwood	Quin
Bowling Green	Flat River	Louisiana	Raytown
Bridgeton	Florissant	Macks Creek	Republic
Brookfield	Frankford	Malden	Richmond
Camdenton	Fredericktown	Manchester	Richwoods
Campbell	Freeburg	Marble Hill	Risco
Cape Girardeau	Fulton	Marceline	Riverview
Cardwell	Gideon	Marionville	Rogersville
Carl Junction	Gladstone	Marshall	Rushville
Carrollton	Glasgow	Marston	Saint Charles
Carthage	Grain Valley	Maxville	Saint Clair
Caruthersville	Gravois Mills	Mehlville	Saint Joseph
Cedar Hill	Gray Summit	Meta	Saint Louis
Center	Greenwood	Mexico	Saint Marys
Chaffee	Hannibal	Moberly	Sainte Genevieve
Charleston	Harvester	Monett	San Antonio
Chesterfield	Hayti	Montgomery City	Sappinton
Chillicothe	Herculaneum-	Morchouse	Scott City
Clarksville	Pevely	Nashua	Sedalia
Clever	Higbee	Neosho	Senath
Climax Springs	High Ridge	Nevada	Sikeston
Creve Coucr	Hillsboro	New Franklin	Slater
De Kalb	Holcomb	New Madrid	Southville
De Soto	Homersville	Nixa	South Kansas
Deering	Imperial	Oak Ridge	City

Spanish Lake
Springfield
St. Charles
St. Louis
Stanberry
Strafford
Tiffany Springs
Trenton
Tuscumbia
Union
Valley Park
Versailles
Vienna
Walnut Grove
Wardell
Ware
Washington
Webb City
Webster Groves
Wellsville
Westphalia
Willard
Wyatt

Exchanges Served by GTE Midwest, Inc.

Alton	Everton	Louisburg	Schell City
Anapolis	Ewing	Lowry City	Seymour
Arcola	Exeter	Manes	Shelbina
Augusta	Foley	Mano	Shelbyville
Aurora	Fordland	Marshfield	Sheldon
Avilla	Foristell	Marthasville	Shell Knob
Belgrade	Forsyth	Milo	Sparta
Bell	Fremont	Monroe City	Stoutsville
Bellevue	Gainesville	Montauk	Summersville
Birch Tree	Galena	Monticello	Thayer
Bland	Golden City	Morrison	Theodosia
Blue Eye	Gorin	Moscow Mills	Thomasville
Bourbon	Greenfield	Mount Sterling	Theodosia
Bradleyville	Groverspring	Mount Vernon	Timber
Branson	Hallsville	Mountain Grove	Troy
Branson West	Hartville	Mountain View	Truxton
Bronaugh	Hawk Point	Nebo	Turney
Brunswick	Helena	New Melle	Urbana
Buffalo	Hermann	Niangua	Van Buren
Bunker	Hermitage	Norwood	Vanzant
Cabool	High Hill	O'Fallon	Vichy
Caledonia	Highlandville	Oates	Walker
Canton	Holstein	Old Monroe	Warrenton
Cape Fair	Houston	Ozark	Washburn
Cassville	Hunnewell	Palmyra	Wasola
Caulfield	Hurley	Paris	Wentzville
Cedar Creek	Irondale	Perry	West Plains
Centerville	Ironton	Pittsburg	West Quincy
Chamois	Jamestown	Plattsburg	Wheatland
Clarence	Jenkins	Potosi	Willow Springs
Concordia	Jerico Springs	Prairie Home	Winfield
Conway	Jonesburg	Preston	Winona
Cross Timbers	Keytesville	Protom	Woolridge
Cuba	Kimberling City	Raymondville	Wright City
Dadeville	Koshonong	Reeds Spring	
Dalton	La Belle	Revere	
Dardenne	La Grange	Roby	
Defiance	La Plata	Rockaway Beach	
El Dorado	Laddonia	Rockville	
Springs	Lawson	Safe	
Elkland	Leasburg	Saint James	
Ellsmore	Lesterville	Saint Peters	
Elmer	Lewistown	Santa Fe	
Eminence	Licking	Sarcoxié	

Exchanges Served by GTE North, Inc

Amazonia
Ashland
Ava
Avenue City
Bolckow
Boss
Brayner
Cameron
Centralia
Clark

Clarksdale
Collins
Columbia
Cosby
Crane
Dora
Easton
Edgar Springs
Fillmore
Gower

Hamilton
Humansville
Kahoka
Kidder
Kingston
Macon
Mansfield
Maysville
Osborn
Osceola

Rocheport
Rosendale
Savannah
Stewartsville
Sturgeon
Trimble
Wayland
Weaubleau
Whitesville

United Telephone Company of Missouri

Appleton City
Blackburn
Blairstown
Brazito
Buckner
Butler
Calhoun
California
Camden Point
Centertown
Centerview
Chilhowee
Clarksburg
Clinton
Coal
Cole Camp
Craig
Dearborn
Deepwater
Edgerton
Eugene
Fairfax
Ferrelview
Fort Leonard
Wood
Green Ridge
Hardin
Harrisonville
Henrietta

Holden
Holt
Holts Summit
Hopkins
Houstonia
Ionia
Jefferson City
Kearney
King City
Kingsville
Lake Lotawana
Lebanon
Leeton
Lexington
Lincoln
Lonejack
Malta Bend
Maryville
Missouri City
Montrose
Mound City
New Bloomfield
Newburg
Norborne
Oak Grive
Odessa
Orrick
Otterville
Pickering

Platte City
Pleasant Hill
Richland
Rolla
Russelville
Saint Robert
Saint Thomas
Salem
Smithton
Strasburg
Sweet Springs
Syracuse
Taos
Tarkio
Tipton
Urich
Warrendburg
Warsaw
Waverly
Waynesville
Wellington
Weston
Windsor