

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

September 11, 1997

CASE NO: TA-97-251

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

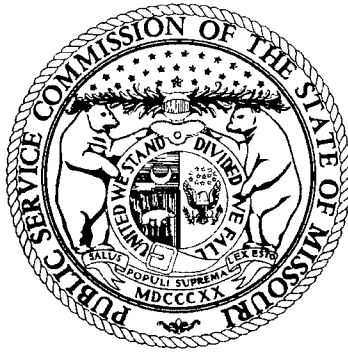
Sincerely,



**Cecil I. Wright
Executive Secretary**

Uncertified Copy:

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



In the Matter of the Application of Local Line)
America, Inc., for a Certificate of Service)
Authority to Provide Local Telecommunications)
Services to the Public in the State of Missouri.)
)

Case No. TA-97-251

REPORT AND ORDER

Issue Date: September 11, 1997

Effective Date: September 23, 1997

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Local Line)
America, Inc., for a Certificate of Service) Case No. TA-97-251
Authority to Provide Local Telecommunications)
Services to the Public in the State of Missouri.)
)

APPEARANCES

Mary Ann (Garr) Young, William D. Steinmeier, P.C., 2031 Tower Drive, Post Office Box 104595, Jefferson City, Missouri 65102-4595, for Local Line America, Inc.

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

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

Craig S. Johnson, Andereck, Evans, Milne, Peace & Baumhoer, L.L.C., 305 East McCarty Street, Post Office Box 1438, Jefferson City, Missouri 65102-1438, for: Alma Telephone Company, Chariton Valley Telephone Corporation, Choctaw Telephone Company, Mid-Missouri Telephone Company, MoKan Dial, Inc., Modern Telecommunications Co., Northeast Missouri Rural Telephone Company, and Peace Valley Telephone Company (Mid-Missouri Group.

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.

Carol M. Keith, Assistant 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

Procedural History

Local Line America, Inc. (Local Line) applied to the Commission on December 20, 1996, for a certificate of service authority to provide resold basic local telecommunications service telecommunications services in Missouri under Sections 392.420 - .440, RSMo 1994¹, and Sections 392.410, .450, and .455, RSMo Supp. 1996. Local Line 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, RSMo Supp. 1996. Local Line is an Ohio corporation authorized to do business in Missouri with offices at 2680 State Road, Cuyahoga Falls, Ohio 44223.

The Commission issued an Order and Notice directing parties wishing to intervene in the case to do so by February 7, 1997. The Commission granted permission to intervene to the following entities on February 21:

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

The Mid-Missouri Group²
The Small Telephone Company Group³
Fidelity Telephone Company and Bourbeuse Telephone Company
MCI Telecommunications Corporation (MCI)
Southwestern Bell Telephone Company (SWBT)

MCI withdrew its application to intervene on March 13 but is a signatory to the Stipulation and Agreement (Attachment 1 to this order) into which the parties later entered.

The parties filed a Stipulation and Agreement (SA) on May 20, and the Commission Staff (Staff) filed Suggestions in Support of the Stipulation and Agreement on May 28. The Commission scheduled a stipulation hearing for the parties to respond to Commission questions. Local Line filed a Request Regarding Stipulation Presentation on June 9, asking the Commission to permit Local Line to make its witness available by telephone rather than in person. The Commission issued its order denying this motion on June 27, stating that making a witness available by telephone is not adequate.

The Commission conducted the stipulation hearing on July 16 where the parties made presentations in favor of the stipulation and responded

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

³ 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.

to questions from the bench. SWBT was excused from appearing at the stipulation hearing, and MCI's withdrawal of its intervention was acknowledged on the record. Local Line appeared by counsel and without a witness. Commission Staff offered a witness who responded to Commission questions under oath.

Local Line submitted late-filed Exhibit 2, "Report to the Commission Concerning Local Line America, Inc.'s Eligibility for Universal Service Fund Support". Staff submitted late-filed Exhibit 3, "Table 2. Telephone Penetration by State", and late-filed Exhibit 4, a list of states with certificated prepaid service providers and an attachment entitled "Preliminary Considerations: Why Some Households Are Not Connected to the Network". No objections were filed to these exhibits and they will be received into the record.

Background

Local Line is a privately held Ohio corporation. The company wishes certification to provide resold basic local telecommunications services in the state of Missouri on a prepaid basis. Specifically, Local Line wants to provide services in portions of Missouri currently served by SWBT, GTE Midwest Incorporated, and United Telephone Company of Missouri d/b/a Sprint. Local Line is not asking for certification in any area that is served by a small incumbent local exchange provider. The specific exchanges in which Local Line proposes to operate are described in Exhibit C to the application that was late-filed on March 20 (Attachment 2 to this order). Local Line is requesting that its basic local exchange services be classified as competitive and that the application of certain statutes and regulatory rules be waived.

In addition to the waivers that have been granted in previous basic local certification cases Local Line has requested additional waivers which will be discussed below. Local Line requests these waivers to facilitate its targeting of a specific market, i.e., low and moderate income residential customers with unestablished credit or no credit.

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. Local Line 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 Local Line to submit a tariff until it has executed interconnection agreements with the incumbent local exchange carriers (ILECs) involved. Local Line 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. Local Line will file the tariff in this case and give notice of the tariff filing to all the parties and participants. Along with that filing Local Line has agreed to provide a written disclosure of all interconnection agreements it has entered into which affect its Missouri service areas.

B. Basic local service certification requirements

Section 392.455, RSMo Supp. 1996, sets out the requirements for granting certificates to provide basic local telecommunications service. 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.

Local Line described the qualifications of its management team in its application. The team members have experience in marketing, customer service, and finance. Local Line submitted as Exhibit B to its application a financial statement for the period ending November 30, 1995. The company stated that it will be relying for technical expertise on the underlying ILEC. The parties agreed that Local Line 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. As a reseller, Local Line will be able to meet the Commission's minimum basic local service standards, including quality of service and billing standards since it will be relying on the

services of the underlying ILEC. The parties agreed that Local Line 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. Local Line set out in its late-filed Exhibit C all the exchanges in which it proposes to offer services. Local Line has defined its service area by means of the tariffed exchange areas of the ILECs presently providing basic local service in those exchanges. Exhibit C consists of Commission-approved tariff sheets filed by SWBT, GTE and Sprint-United, and describing local exchanges. The company has agreed that its service area must follow ILEC exchange boundaries and be no smaller than an exchange. The parties agreed that Local Line 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. Local Line has agreed to offer basic local telecommunications service as a separate and distinct service.

5. Equitable access for all Missourians to affordable telecommunications services. Local Line 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 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 Local Line should be classified as a competitive telecommunications company. The parties have also agreed that Local Line's switched exchange access services may be classified as a competitive service, conditioned upon certain limitations on Local Line's ability to charge for its access services. Local Line 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 Local Line seeks to operate. The parties have agreed that the grant of service authority and competitive classification to Local Line 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.

D. Waiver of statutes and rules

1. **Standard basic local exchange provider waivers.** 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.

2. **Additional waivers.** In addition to the waivers that have been granted in previous basic local certification cases, Local Line has requested additional waivers and the parties have agreed to them. See SA, pages 7-9. The company requests these waivers to facilitate its targeting of a specific market, i.e., low and moderate income residential customers with unestablished credit or no credit.

a. **4 CSR 240-33.040(3) Billing.** This Commission rule requires that a billing statement be sent to the end user at least 21 days before payment is due. Local Line wants to send statements 10 days before payment and, in support of the request, states that the customer is paying for a specified and limited service in advance and therefore knows what the charge will be. Local Line also points out that the amount of the bill will not change from month to month because toll and long distance calling will be blocked.

b. **4 CSR 240-33.040(6)(F) Itemization of amount due for taxes and franchise fees; requiring as well an exception to Case No. TO-90-174.** This Commission rule and the Commission's order in

TO-90-174⁴ require the surcharge for Relay Missouri to be identified on every bill. Local Line states that it will pay all fees and surcharges, and will advise customers that these charges are included in the cost of their service, but does not want to itemize the charges on the bill. The company argues that the fees are included in the set monthly fee for services and that identifying them won't assist the customer in comparing the cost of the service to the actual price, or in comparing the competitive carrier's prices to the incumbent carrier's prices.

c. 4 CSR 240-33.070(4) Notice of discontinuance of service.

This Commission rule requires that a separate notice of possible discontinuance be sent to a customer facing loss of service, apart from the billing statement. Local Line wants to include the notice of discontinuance with the billing statement. According to the stipulation, the advantage of this waiver would be that "Local Line will be able to avoid some of the risks and costs associated with providing service to its customers."

d. 4 CSR 240-33.070(6) 24-hour notice of intent to discontinue service. This Commission rule requires a company that is discontinuing service because of nonpayment to make a reasonable effort to contact the customer within the 24 hours preceding discontinuance. Local Line wants a waiver of this rule arguing that, since this is a prepaid service, Local Line's customers will be buying units of service with set termination dates indicated in the customer service agreement. The company also argues that it will be dealing with high-risk customers

⁴ In the Matter of the Development of a Rule to Implement Enhanced Telephone Service for the Deaf and Hearing Impaired, 30 Mo. P.S.C. (N.S.) 481 (1991), Order Approving Identification of Surcharge and Content of Billing Insert, issued February 22, 1991.

and eliminating the 24-hour notice requirement will keep down Local Line's costs of providing service. Local Line also argues that granting a waiver of this rule will make sure that the cost of providing the prepaid service is fully paid for by the customers.

3. Evidence presented at the hearing. Staff witness, Mr. Phil Garcia, testified under oath. He stated that Staff concerns about the additional waivers requested by Local Line were satisfied by the disclosures made in the Customer Service Agreement that each customer must sign. (See Attachment A to the Stipulation and Agreement filed on May 20.) Mr. Garcia testified that there is considerable confusion about telecommunications services among end users that could cause a customer to make certain assumptions about the type of notice they could expect before being disconnected from their local phone service. He testified that a situation could arise where a customer experiencing such confusion could attempt to make a 911 emergency call only to find that he has no service. Mr. Garcia testified that service would be disconnected immediately or almost immediately when the company becomes aware that a customer's monthly payments has not been received. Mr. Garcia stated that he did not undertake any analysis to determine how Local Line could reduce its costs of providing service by the granting of the requested waivers. He stated that there are no studies that support the company's claim that the offering of prepaid services will increase universal service by providing services to customers who are unable to obtain service elsewhere.

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 markets is in the public interest.
2. The Commission finds that Local Line 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 Local Line 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 Local Line 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 Local Line a certificate of service authority to provide basic local exchange telecommunications services is in the public interest. Local Line's certificate should become effective when its tariff becomes effective.
5. The Commission finds that Local Line is a competitive company and should be granted waiver of the statutes and rules set out in Ordered Paragraph 2.
6. The Commission finds that there is insufficient evidence to support granting waivers of any additional Commission rules

for this company. The Commission finds that granting additional waivers to Local Line, based upon the record in this case, is not in the public interest and these requests shall be denied.

7. The Commission finds that Local Line'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. Local Line 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.

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 authority to suspend or modify the application of its rules and of certain statutory provisions as to any competitive telecommunications company. § 392.361.5. The Commission may suspend different requirements for different telecommunications companies where it is reasonable and not detrimental to the public interest. *Id.*

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, the supporting information offered at the hearing on July 16, 1997, and on its findings of fact, the Commission concludes that the Stipulation and Agreement should be approved with the exception that the additional waivers agreed to by the parties shall not be granted.

IT IS THEREFORE ORDERED:

1. That Local Line America, Inc. 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.

2. That Local Line America, Inc. 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
- 392.340 - 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

3. That Local Line America, Inc.'s requests for waivers of 4 CSR 240-33.040(3) [Billing], 4 CSR 240-33.040(6) (F) [Itemization of amount due for taxes and franchise fees], 4 CSR 240-33.070(4) [Notice of discontinuance of service], and 4 CSR 240-33.070(6) [24-hour notice of intent to discontinue service] are denied.

4. That the filing of a 45-day tariff as required by 4 CSR 240-2.060(4) (H) is waived until Local Line America, Inc. has entered into a Commission-approved interconnection agreement that enables it to provide basic local exchange services.

5. That the Stipulation and Agreement filed by the parties on May 20, 1997, is adopted in resolution of the issues with the exception of the provisions regarding the additional waivers addressed in Ordered Paragraph 3.


6. That late-filed Exhibits 2, 3, and 4 are received into the record.

7. That Local Line America, Inc. shall file tariff sheets for approval reflecting the rates, rule, regulations and the services it will

offer within 30 days after Commission approval of the necessary inter-connection agreement(s). The tariff shall be filed in Case No. TO-97-251 and shall include a listing of the statutes and Commission rules waived under Ordered Paragraph 2.

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

BY THE COMMISSION

A handwritten signature in black ink, appearing to read "Cecil I. Wright", with a stylized flourish at the end.

**Cecil I. 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.

BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

FILED

MAY 20 1997

MISSOURI
PUBLIC SERVICE COMMISSION

In the matter of the Application of)
Local Line America, Inc.)
for a Certificate of Service)
Authority to Provide Local)
Telecommunications Services to the)
Public in the State of Missouri)

Case No. TA-97-251

STIPULATION AND AGREEMENT

1. Local Line America, Inc. (hereinafter "Local Line") initiated this proceeding on December 20, 1996, by filing an Application requesting certificate of service authority to provide resold local telecommunications in those portions of Missouri that are currently served by Southwestern Bell Telephone Company (SWBT), GTE of the Midwest, Incorporated (GTE) and United Telephone Company of Missouri (United).

2. Local Line proposes to provide resold basic local telecommunications service, including local calling ("dialtone"), on a prepaid basis only. Prepaid services are services for which a company does not perform consumer credit checking or application screening and which are paid for prior to service being rendered. Prepaid services are structured to attract customers in households that do not currently have telephone service; therefore, approval of this application will provide an opportunity to improve penetration rates in Missouri and enhance the possibility of universal service in the state. Prepaid service providers will block all direct-dial long distance calls, collect calls, operator assisted calls and third number-billed calls so that the service is a known, limited cost to the customer each month. All Local Line customers will be required to sign a Customer Service Agreement (see Attachment A) and pay a service initiation charge and the first full or partial month's service charge prior to receiving service.

3. The Commission granted the timely applications to intervene of the Mid-Missouri Group of Local Exchange Companies¹ (Mid-Missouri Group), the Small Telephone Company Group,² Fidelity Telephone Company and Bourbeuse Telephone Company, MCI Telecommunications Corporation (MCI) and Southwestern Bell Telephone Company (SWBT) on February 21, 1997. On March 13, 1997, MCI filed its Withdrawal of Application to Intervene.

4. Pursuant to the Commission's Notice of February 24, 1997, representatives of Local Line, the Commission Staff, the Office of Public Counsel, the Mid-Missouri Group and the Small Telephone Company Group participated in a prehearing conference on March 17, 1997. SWBT requested to be excused from the prehearing conference.

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

¹The Mid-Missouri Group of Local Exchange Telephone Companies is comprised of Alma Telephone Company, Chariton Valley Telephone Corporation, Choctaw Telephone Company, Mid-Missouri Telephone Company, MoKan Dial Inc., Modern Telecommunications Co., Northeast Missouri Rural Telephone Company, and Peace Valley Telephone Company.

²The Small Telephone Company Group is comprised of 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.

local exchange companies (LECs)³ should be processed in a manner similar to that in which applications for interexchange authority are currently handled.

6. In determining whether Local Line's application for certificate of service authority should be granted, the Commission should consider Local Line's technical, financial and managerial resources and abilities to provide basic local telecommunications service. Local Line must demonstrate that the basic local services it proposes to offer satisfy the minimum standards established by the Commission, including but not limited to Local Line 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 applicant seeks to compete. Further, with the exceptions noted below, Local Line 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 Local Line seeks to compete. Notwithstanding the provisions of Section 392.500 RSMo 1996, as a condition of certification and competitive classification, Local Line agrees that, unless otherwise ordered by the Commission, Local Line's 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) Local Line seeks authority to provide service. Further, Local Line agrees to offer basic local telecommunications service as a separate and distinct service and must sufficiently identify the geographic service

³Large LECs are defined as LECs who serve 100,000 or more access lines. Section 386.020 RSMo. Supp. 1996. In Missouri, the current large LECs are SWBT, GTE and United.

area in which it proposes to offer basic local service.⁴ 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, Local Line agrees to provide equitable access 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, to affordable telecommunications services. See Section 392.455 RSMo Supp. 1996.

7. Local Line has submitted its application without tariffs and seeks a temporary waiver of 4 CSR 240-2.060(4)(H).⁵ Local Line agrees to file its initial tariff(s) in the certification docket and 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 Local Line 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, Local Line shall also file and serve a written disclosure of all interconnection agreements which affect its Missouri service areas, all portions of its Missouri service areas for which it does not have an interconnection agreement with the incumbent local exchange carrier; and its explanation of why such an interconnection agreement is unnecessary for such areas.

⁴The identification of specific geographic areas within which Local Line proposes to offer services as referred to in this paragraph shall not be construed to foreclose Local Line from petitioning the Commission pursuant to Section 392.200.4 and .8 RSMo. 1996.

⁵Good 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.

8. Pursuant to §392.420 RSMo., Local Line requests that the Commission waive the application of any or all of the following statutory provisions and rules to 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 Local Line's services:

STATUTORY PROVISIONS

§392.210.2	-	Uniform System of Accounts
§392.270	-	Valuation of Property (Ratemaking)
§392.280	-	Depreciation Accounts
§392.290.1	-	Issuance of Securities
§392.300.2	-	Acquisition of Stock
§392.310	-	Stock and Debt Issuance
§392.320	-	Stock Dividend Payment
§392.330	-	Issuance of Securities, Debts and Notes
§392.340	-	Reorganization(s)

COMMISSION RULES

4 CSR 240-10.020	-	Depreciation Fund Income
4 CSR 240-30.040	-	Uniform System of Accounts
4 CSR 240-35	-	Reporting of Bypass and Customer-Specific Arrangements

9. In addition to the "standard" waivers listed in paragraph 8 above, which the Commission has granted to numerous basic local exchange telecommunications applicants in recent months, Local Line requests the Commission waive application of additional rules due to the unique structure of the service that Local Line will be offering. Pursuant to Sections RSMo. 392.361 and 392.420 (Supp. 1996), and for the reasons stated below, Local Line requests, and all parties agree to the request, that the Commission waive the following additional rules as they relate to regulation of resold basic local telecommunications services to be provided by Local Line so long as the waivers are conditional on Local Line's resale of basic local service

remaining structured as described in paragraph 2 above. In light of the fact that households not currently receiving telephone service will be connected to the telecommunications network to obtain basic local telecommunications service if Local Line is authorized to provide service as requested, the parties agree that the public interest would be served by the grant of these additional waivers.

Commission Rules

4 CSR 240-33.040(3)	-	Billing
4 CSR 240-33.040(6)(F)	-	Itemization of the amount due for taxes and franchise fees
4 CSR 240-33.070(4)	-	Notice of proposed discontinuance of service
4 CSR 240-33.070(6)	-	24-hour notice of intent to discontinue service.

a. Waiver of Rule 4 CSR 240-33.040(3) - Billing

As a matter of course, customers subscribing to Local Line for telephone service will be required to complete and sign a Customer Service Agreement ("Agreement") provided by Local Line. The Agreement essentially informs customers of Local Line's product offerings and payment terms. More importantly, the Agreement establishes a delinquency date for the charges stated therein, which does not change from month-to month, and expressly provides for future delinquencies to occur on the same day during each billing period.

Local Line requests that the Commission waive 4 CSR 240-33-040(3) to the extent that it would require Local Line to provide customers with a billing statement at least twenty-one (21) days before payment is due. Local Line will be sending billing statements to its customers, but requests a waiver to permit Local Line to send a statement no more than ten (10) days prior to the due date. Local Line notes that it will be servicing mostly high-risk customers - i.e., customers who are unable to obtain telephone service elsewhere because of credit problems or

delinquent payment histories. Moreover, because of the unique pricing structure of the service, Local Line's customers will not need an extended amount of time to review their billing statements. Local Line's customers will be charged a set price for service and will not have access to toll calling. The amount of their bill, therefore, will not change from month to month unless the customer requests the addition or deletion of optional services, at which time Local Line will have the customer sign a new Agreement. In short, the billing statement is merely a reminder to the customer to pay the bill on the date established in their Agreement. All parties agree that 10 days is a reasonable and adequate amount of notice to be provided to customers of Local Line's basic local service as described in paragraph 2 above.

b. Waiver of Rule 4 CSR 240-33.040(6)(F) - Itemization of the amount due for taxes and franchise fees

Local Line requests that the Commission waive this provision requiring Local Line to provide an itemized statement of the amount due for taxes and franchise fees that are passed on to the customers. This request will not in any way affect Local Line's obligation and intention to pay all such taxes and franchise fees due, but merely the reporting of this information on separate line items on the customer's bill. Local Line agrees to include a statement on the customer's bill indicating that taxes, fees and surcharges are included.⁶ As indicated above, Local Line will be charging customers a standard fee that will not vary from month to month unless optional services are added or deleted by the customer. Applicable taxes, franchise fees,

⁶Included in this waiver request is a request for an exception to the Commission's determination in Case No. TO-90-174 that the surcharge authorized by Sec. 209.253 RSMo. appear on the bill of each Missouri local exchange subscriber and be identified as the Relay Missouri Surcharge. This additional exception is requested for the same reasons stated for 4 CSR 240-33.040(6)(F).

and surcharges are included within this set monthly fee and are therefore not relevant to the overall bill that the customer receives. Moreover, these amounts will not assist the customer in comparing the actual price of the service because Local Line will not be competing with telecommunications providers that are trying to obtain customers by offering the lowest available rates. All parties agree to waiver of this rule, so long as the waiver is restricted to the prepaid service described in paragraph 2 above.

c. Waiver of Rule 4 CSR 240-33.070(4) - Notice of proposed discontinuance of service

Local Line is requesting waiver of this provision to the extent that it requires Local Line to send the notice of discontinuance separately from the billing statement. Local Line is willing to provide customers with a notice of discontinuance, but would like to be able to do so when it sends the customers their billing statement. This is another reason why Local Line is requesting that it be allowed to provide a billing statement to its customers within no more than (10) days of the due date. In doing so, Local Line will be able to avoid some of the risks and costs associated with providing service to its customers. All parties agree to waiver of this rule, so long as the waiver is restricted to the prepaid service described in paragraph 2 above.

d. Waiver of Rule 4 CSR 240-33.070(6) - 24-hour notice of intent to discontinue service.

Local Line is requesting waiver of this provision requiring Local Line to make reasonable efforts to contact a customer within at least twenty-four (24) hours preceding the proposed discontinuance of their service. Upon entering a Customer Service Agreement with Local Line, it will be clear that the customer is buying units of service with set termination dates which are

clearly indicated in the CSA. Like a prepaid calling card, if another unit of service is not prepurchased by the customer, it is not available for use. When the unit of prepaid local service expires, it does not automatically renew. If prepayment is not made prior to the due date, no service is available. Because of the risks associated with providing this service, Local Line needs to be able to strictly enforce payment deadlines without incurring additional unnecessary costs or delays. It would be both costly and extremely burdensome for Local Line to attempt to contact every customer within 24 hours of disconnection. Due to the nature of the service, the customer is advised that prepayment is a condition of service and that the unit of service expires without further notice when a new unit is not purchased. Additionally, it would be in the best interest of the public if this requirement were waived for Local Line as the customers are the ones who will bear the costs of implementing this requirement; essentially, they will have to pay more to obtain telephone service. All parties agree to waiver of this rule, so long as the waiver is restricted to the prepaid service described in paragraph 2 above.

10. 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 1996 regarding applications for certificates of local exchange service authority to provide or resell basic local telecommunications service, in negotiating the remaining provisions of this Stipulation and Agreement.

B. LOCAL LINE CERTIFICATION

11. Local Line submitted a list of exchanges on March 20, 1997, in which Local Line identified by name the exchanges in which it seeks authority to provide service. Further, Local Line hereby agrees that its Application should be deemed amended to include by reference the

terms and provisions described in paragraphs 6-9 hereinabove. Local Line also seeks waiver of certain statutory provisions and Commission rules as to its new services as enumerated herein. This list of waivers should be deemed substituted for the list of statutory provisions and Commission rules enumerated in Local Line's Application.

12. Because the waivers agreed to by the parties in this Stipulation and Agreement differ substantively from those sought in the Application, the Parties recommend that the Commission provide additional notice to the same entities to whom initial notice of the Application was provided, stating that a Stipulation and Agreement has been filed with the Commission, and listing the waivers which have been agreed to by the Parties.

13. Based upon its verified Application, Local Line asserts, and no party makes a contrary assertion, that there is sufficient evidence from which the Commission can find and conclude that Local Line:

- A. possesses sufficient technical, financial and managerial resources and abilities to provide basic local telecommunications service and local exchange telecommunications service, including exchange access service;
- B. proposes and agrees to offer basic local services that 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 service as a separate and distinct service.
- E. has agreed to provide equitable access 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, to affordable telecommunications services;⁷

F. has sought authority which will serve the public interest.

14. Local Line asserts, and no party opposes, that Local Line's application and request for authority to provide basic local telecommunications services and local exchange telecommunications services (including exchange access service) should be granted. All services⁸ authorized herein should be classified as competitive telecommunications services provided that the requirements of Section 392.200 continue to apply, and Local Line shall be classified as a competitive telecommunications company. Local Line 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 of Local Line's services consistent with the protection of ratepayers and the promotion of the public interest. Such classification should become effective upon the tariffs for 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:

⁷The agreement in Paragraph 6 of this Stipulation and Agreement is without prejudice to Local Line's right to appear, after proper application and in accord with Commission rules and regulations, in any rulemaking proceeding or other proceeding regarding the Commission's considerations of equitable access under Section 392.455.(5) RSMo. Furthermore, such agreement should not be construed as an admission or conclusion of Local Line that Section 392.455.(5) RSMo. creates new or specific duties or obligations on telecommunications companies to provide equitable access.

⁸Switched exchange service is further addressed in Paragraph 14 below.

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 Local Line's switched exchange access services may be classified as competitive services. The parties further agree that the Local Line's switched exchange access services are subject to Section 392.200. Any increases in switched access service rates above the maximum switched access service rates as set forth in paragraph 6 herein shall be cost-justified and be made pursuant to Sections 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 granted herein 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 pursuant to Sections 392.220 and 392.230 and not Sections 392.500 and 392.510.

15. Local Line's request for a 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 Local Line does not yet have approved interconnection agreements with the large incumbent LECs. Local Line 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 30-day proposed effective date, to the Commission for its approval, together with the written disclosure as stipulated above. Local Line 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 waiver of 4 CSR 240-2.060(4)(H), substantially as follows:

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 carrier 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 of a 30-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 service 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 areas; all portions of its Missouri service areas for which it does not have an interconnection agreement with the incumbent local exchange carrier; and its explanation of why such an interconnection agreement is unnecessary for any such areas.

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

STATUTORY PROVISIONS

§392.210.2	-	Uniform System of Accounts
§392.270	-	Valuation of Property (Ratemaking)
§392.280	-	Depreciation Accounts
§392.290.1	-	Issuance of Securities
§392.300.2	-	Acquisition of Stock
§392.310	-	Stock and Debt Issuance
§392.320	-	Stock Dividend Payment
§392.330	-	Issuance of Securities, Debts and Notes
§392.340	-	Reorganization(s)

COMMISSION RULES

4 CSR 240-10.020	-	Depreciation Fund Income
4 CSR 240-30.040	-	Uniform System of Accounts
4 CSR 240-35	-	Reporting of Bypass and Customer-Specific Arrangements

And also,

COMMISSION RULES

- | | | |
|------------------------|---|--|
| 4 CSR 240-33.040(3) | - | Billing |
| 4 CSR 240-33.040(6)(F) | - | Itemization of the amount due for taxes and franchise fees |
| 4 CSR 240-33.070(4) | - | Notice of proposed discontinuance of service |
| 4 CSR 240-33.070(6) | - | 24-hour notice of intent to discontinue service. |

17. 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.

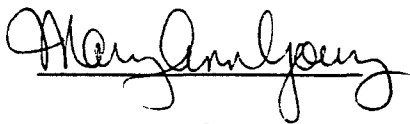
18. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties and participants waive, with respect to the issues resolved herein: their respective rights pursuant to §536.080.1, RSMo 1996, to present testimony, to cross examine witnesses, and to present oral argument or written briefs; their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, RSMo 1996; and their respective rights to seek rehearing pursuant to §386.500 RSMo 1996 and to seek judicial review pursuant to §386.510 RSMo 1996. 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 Local Line application made herein.

19. 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 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 Staff. Staff's oral explanation shall be subject to public disclosure.

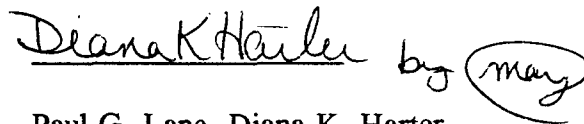
WHEREFORE, the signatories respectfully request the Commission to issue its Order approving the terms of this Stipulation and Agreement and issue its Order granting authority and classification as requested by Local Line, subject to the conditions described above, at its earliest convenience.

Respectfully submitted,



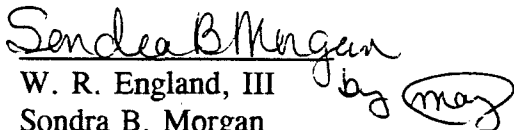
Mary Ann (Garr) Young
William D. Steinmeier, P.C.
2031 Tower Drive
P. O. Box 104595
Jefferson City, MO 65102-4595

FOR: Local Line America, Inc.



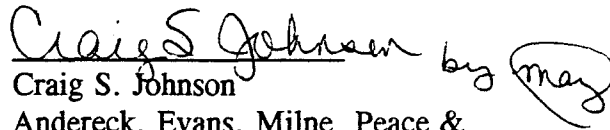
Paul G. Lane, Diana K. Harter
Leo J. Bub
Southwestern Bell Telephone
100 N. Tucker Blvd., Rm. 630
St. Louis, MO 63101-1976

FOR: Southwestern Bell
Telephone Company



W. R. England, III
Sondra B. Morgan
Brydon, Swearingen & England
P.O. Box 456
Jefferson City, MO 65102-0456

FOR: The Small Telephone
Group, Bourbeuse
Telephone Company, and
Fidelity Telephone
Company



Craig S. Johnson
Andereck, Evans, Milne, Peace &
Baumhoer, L.L.C.
P. O. Box 1438
Jefferson City MO 65102-1438

FOR: The Mid-Mo Telephone
Group

Michael F. Dandino by May
Michael F. Dandino
Office of Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

FOR: Office of Public Counsel
and The Public

Carol Keith by May
Carol Keith
Assistant General Counsel
P.O. Box 360
Jefferson City, MO 65102

FOR: Staff of the Missouri
Public Service Commission

Carl J. Lumley by May
Carl J. Lumley
Curtis, Oetting, Heinz,
Garrett & Soule, P.C.
130 S. Bemiston, Suite 200
Clayton, MO 63105

FOR: MCI Telecommunications
Corporation

CERTIFICATE OF SERVICE

I hereby certify that a copy of this document has been hand delivered or mailed by first class mail, postage prepaid to the persons listed on the attached service list on this 20th day of May, 1997.

Mary Ann (Garr) Young
Mary Ann (Garr) Young

CUSTOMER SERVICE AGREEMENT

COMPUTE YOUR FIRST MONTH'S PAYMENT AS FOLLOWS:

FIRST MONTH'S SERVICE INCLUDES ALL TAXES AND LINE CHARGES. NEW SERVICE CAN BE INSTALLED FOR AS LOW AS \$44.50 ADD OPTIONAL SERVICES AS NEEDED. PLEASE CALL IF YOU HAVE SPECIAL NEEDS.

Place A Check Mark In These Boxes If You Want The Optional Service. Add The Cost In The Space To The Right

THE PROCESSING / APPLICATION AND CALLER ID SETUP FEES ARE ONE TIME FEES. THE ABOVE FEES ONLY APPLY TO THE FIRST MONTHS PAYMENT WHEN INITIATING NEW SERVICE. THESE FEES WILL NOT APPEAR ON SUBSEQUENT MONTHS INVOICES.

1st Months' Standard Service Fee:		\$ _____	
Processing / Application Fee:		\$ _____	
Services Listed Below Are Optional SERVICE OPTIONS: \$5.00 EACH OR \$20.00 FOR ALL SIX (Does Not Include Caller ID)			
Place A Check Mark In The Box On The Left If You Want The Optional Service. Add The Cost In The Space To The Right			Sub Total: \$ _____
<input type="checkbox"/>	1. Call Waiting	\$ _____	\$ _____
<input type="checkbox"/>	2. Call Forwarding	\$ _____	\$ _____
<input type="checkbox"/>	3. "3 Way" Calling	\$ _____	\$ _____
<input type="checkbox"/>	4. Unpublished Number	\$ _____	\$ _____
<input type="checkbox"/>	5. Speed Dial	\$ _____	\$ _____
<input type="checkbox"/>	6. Call Return	\$ _____	\$ _____
<input type="checkbox"/>	7. All Options Above	\$ _____	\$ _____
<input type="checkbox"/>	8. Other Options	\$ _____	\$ _____
The Caller ID Option Requires A \$10.00 Setup Fee "CALLER ID BOX IS NOT PROVIDED BY LOCAL LINE AMERICA"			
<input type="checkbox"/>	9. Caller ID →	\$ _____	Caller ID + Setup Fee
<input type="checkbox"/>	Call ID Setup Fee	\$ _____	\$ _____
Bring or send total amount for service to begin. Cash, Money Orders or MasterCard & Visa accepted as payment. Please DO NOT mail cash.			Total: \$ _____

ADD SUB TOTAL TO OPTIONAL SERVICES FOR THE TOTAL AMOUNT

IMPORTANT INFORMATION: RETAIN FOR YOUR RECORDS

- You will be billed each month for the following month's service.
- All payments are due on the first day of each month or any other agreed upon date. If payment is not received by Local Line America, Inc. from you by the 1st day of the month, or by the agreed upon date, your account will be considered delinquent.
- Local Line America, Inc. will provide you with a bill ten (10) days before your payment is due. This bill will also serve as your "Notice of Disconnection" in the event that you fail to make your monthly payment on time or in full. Accounts unpaid in full will be disconnected. A \$ _____ termination penalty will then be due unless service has been in place for three (3) months prior to delinquency.
- There is a \$ _____ processing/application fee due in addition to the first month's standard line fee of \$ _____.

Second Months Payment

All telephone bills are due on the first of the month. Regardless of when your original service is connected your second months payment is due on the first day of the very next month. Example: If your service is connected on January 15, your next payment is due February 1. Your second month's service will be prorated based on the number of days your service was connected the first month, this amount will be reflected on your monthly statement. You are only paying for the number of days your phone is connected. Your normal monthly payment will begin with your 3rd month's statement.

Letter of Authorization

I hereby appoint Local Line America, Inc. to act as my agent in all matters relating to and providing local exchange service, including the authority to act on my behalf, if required, to call or deliver the disconnect order to have my telephone completely disconnected. I understand that by signing this Customer Service Agreement I am changing my current local exchange carrier to Local Line America, Inc. I understand that I may designate only one local exchange company as my local exchange provider for the telephone number(s) listed below. I, the undersigned, hereby state that I have read and understand the terms and conditions set forth herein and represent that I am authorized to execute this Customer Service Agreement.

Please Print

First Name	Middle Name	Last Name
Address	Apt. #	City
State	Zip	
Telephone#	Telephone#	
I have read the following and agree to the provisions therein. I certify that all information provided here is true and correct.		
DATE:	SIGNATURE:	(Customer Sign Here)

Local Line America, Inc.
CUSTOMER SERVICE AGREEMENT
(Read and Sign)

Local Line America, Inc.
2680 State Road
Cuyahoga Falls, Ohio 44223
1-800-XXX-XXXX

[have requested a number and will provide it when it is available]

This form outlines the conditions upon which we will provide service and the conditions which we will disconnect service. It also fully explains company policies such as late charges and refunds.

1. I request that Local Line America, Inc. ("Local Line") establish telephone service in my residence at the address stated on my Customer Statement. I understand that if I have any questions or problems (including repair) regarding my telephone service I am to contact the Local Line office directly. Any work performed on my line which is not approved by Local Line will be done at my own risk and expense.
2. I agree that my monthly rate after the first month is \$ _____ including the \$3.50 FCC approved customer line charge (excluding optional services, state and federal taxes) and is subject to change without formal notice. I understand that there is a Termination Fee of \$ _____ when my account is terminated, regardless of reason, but that this Termination Fee will be waived if my Local Line account is paid in full within 7 days of disconnection, or if I have been a Local Line customer for more three (3) consecutive months.
3. I understand that my telephone service could be disconnected for:
 1. Not paying my monthly bill on time or in full.
 2. Any unauthorized long distance (including Calling Card) charges being billed to my telephone number (any such charges incur an additional penalty of \$ _____ per telephone company billing).
 3. Making unauthorized other changes in my telephone service.
4. I understand that if my phone service terminates due to Local Line's fault, Local Line or its Escrow Provider will refund a pro rata amount of my monthly service payment for the period of time in which service was not received as such time period is reflected in the telephone company's records. I agree, however, that no additional claim against Local Line for any damages resulting from terminated service, even if I am likely to rely on phone service for emergency call to 911 and the like. If my phone service terminates for reasons beyond Local Line's control, such as storms, strikes, broken wires, etc., I am not entitled to any refund except as may be required by applicable law or regulation.
5. I agree to indemnify and hold Local Line and any of its representatives harmless and free of any legal action for any claims other than for negligence of Local Line that may occur as a result of assisting me with my telephone service. If Local Line must resort to legal action to collect on my account, I will be responsible for all legal fees and court costs.
6. I understand that Local Line places long distance restrictions on all customer telephone services. These restrictions may block any or all of the following types of calls: direct-dial long distance calls; collect calls; operated assisted calls; third number-billed calls. I understand that such blocks are not 100% effective. I am aware that if any unauthorized long distance or toll (including 800, 900, 976) charges are billed to my telephone number I will be responsible to pay all such charges plus the aforementioned penalty charge. This penalty charge is not applicable where the long distance call is made with a pre-paid long distance card issued by Local Line.

REFUNDS OF THE PROCESSING/APPLICATION PAYMENT ARE NOT GIVEN if the application for service is approved based on false information provided to Local Line, or the applicant fails to accept the terms of the Addendum below, or his former telephone company accepts the applicant back on service as a result of Local Line's involvement.

I agree to subscribe to service through Local Line for a minimum of three months and to pay any remainder of this three month minimum subscription plus any unpaid installation charges if I decide to cancel my service after the telephone company has issued a telephone number.

8. Return this completed application along with your Initial Payment to Local Line in the return envelope provided (money orders only, please) or to the representative at the location where you completed this application. Under normal circumstances, your telephone service will be connected in 3 to 7 business days from the time that we receive the above material.

Please return white copy to Local Line and retain yellow copy for your personal records.

CASE NO. TA-97-251
Local Line America, Inc.

EXHIBIT C:
List of exchanges for which authority
is requested

FILED
MAR 20 1997
MISSOURI
PUBLIC SERVICE COMMISSION

No supplement to this tariff will be issued except for the purpose of canceling this tariff.

LOCAL EXCHANGE TARIFF
55th Revised Sheet 6
Replacing 54th Revised Sheet 6

RECEIVED

LOCAL EXCHANGE TARIFF

FEB 29 1996

1.3 EXCHANGES BY RATE GROUP

1.3.1 Rate Group A(4)

MISSOURI
Public Service Commission

Adrian(1)(2)(5)	Carrollton(2)(3)(5)	Grain Valley
Advance(1)(2)(5)	Caruthersville(1)(3)(5)	(1)(3)(5)
Agency(1)(5)	Center(2)(5)	Gray Summit(1)(3)(5)
Altenburg-Frohna	Chaffee(1)(3)(5)	(CP) Greenwood(1)(3)(5)
(1)(2)(5)	Charleston(1)(3)(5)	Hayti(1)(3)(5)
Antonia(1)(3)(5)	Clarksville(1)(2)(5)	Herculaneum-Pevely
Archie(1)(2)(5)	Clever(1)(3)(5)	(1)(3)(5)
Argyle(2)(5)	(CP) Climax Springs(2)(5)	Higbee(1)(3)(5)
Armstrong(1)(2)(5)	Deering(1)(3)(5)	Hillsboro(1)(3)(5)
Ash Grove(2)(5)	DeKalb(1)(5)	Holcomb(1)(3)(5)
Beaufort(2)(5)	Delta(1)(2)(5)	Hornersville
Bell City(1)(2)(5)	Downing(2)(5)	(1)(2)(5)
Benton(1)(3)(5)	East Prairie(1)(5)	Jasper(2)(5)
Billings(1)(2)(5)	Edina(2)(5)	Knob Noster(2)(5)
Bismarck(1)(3)(5)	Elsberry(1)(2)(5)	Lamar(2)(5)
Bloomfield(1)(3)(5)	Essex(1)(3)(5)	LaMonte(2)(5)
Bloomsdale(1)(2)(5)	Eureka(1)(5)	Lancaster(2)(5)
Bonne Terre(1)(3)(5)	(CP) Farley(2)(5)	Leadwood(1)(3)(5)
Boonville(1)(2)(5)	Fayette(1)(2)(5)	Lilbourn(1)(2)(5)
Bowling Green(2)(5)	Fisk(1)(3)(5)	(CP) Linn(2)(5)
Brookfield(2)(5)	Frankford(2)(5)	Lockwood(2)(5)
Campbell(2)(5)	(CP) Fredericktown(2)(5)	Louisiana(1)(2)(5)
Cardwell(1)(2)(5)	Freeburg(2)(5)	Macks Creek(2)(5)
Carl Junction(1)(3)(5)	Gideon(1)(2)(5)	Malden(1)(2)(5)
	Glasgow(1)(2)(5)	(CP) Marble Hill(2)(5)
		Marceline(2)(5)
		Marionville(2)(5)
		Marston(1)(2)(5)
		Meta(2)(5)

- (1) Extended Area Service - See Paragraph 1.4.
- (2) Message Rate Business Service not offered.
- (3) Message Rate Business Service obsolete - limited to existing customers
- (4) See Paragraph 1.1.3, preceding.
- (5) One-party service only available.

FILED

Issued: FEB 29 1996

Effective: MAR 30 1996

MAR 30 1996

By HORACE WILKINS, JR., President-Missouri
Southwestern Bell Telephone Company
St. Louis, Missouri

MO. PUBLIC SERVICE COMM

No supplement to this tariff will be issued except for the purpose of canceling this tariff.

LOCAL EXCHANGE TARIFF
39th Revised Sheet 6.01
Replacing 38th Revised Sheet 6.01

LOCAL EXCHANGE TARIFF

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1.3 EXCHANGES BY RATE GROUP-(Continued)

JAN 19 1996

1.3.1 Rate Group A-(Continued) (4)

MISSOURI
Public Service Commission

(MT)	Montgomery City(1) (2) (5)	Rushville(1) (5)	Trenton(1) (3) (5)
	Morehouse(1) (3) (5)	Ste. Genevieve(1) (2) (5)	Tuscumbia(1)
	New Franklin(1) (3) (5)	St. Marys(1) (3) (5)	(3) (5)
	New Madrid(1) (2) (5)	San Antonio(1) (5)	Versailles(1)
	Oak Ridge(1) (3) (5)	Scott City(1) (3) (5)	(3) (5)
	Old Appleton(1) (3) (5)	Senath(1) (3) (5)	Vienna(2) (5)
	Oran(1) (2) (5)	Slater(2) (5)	Walnut Grove
(MT)		Smithville(1) (3) (5)	(2) (5)
	Patton(2) (5)	Stanberry(2) (5)	Wardell(1) (2) (5)
	Paynesville (1) (2) (5)		Ware(1) (3) (5)
	Pierce City(1) (2) (5)		Wellsville(2) (5)
	Pocahontas-New Wells(1) (3) (5)		Westphalia(2) (5)
(MT)			Wyatt(1) (2) (5)
	Portage Des Sioux(2) (5)		
	Portageville(1) (2) (5)		
	Puxico(2) (5)		
	Qulin(1) (3) (5)		
	Richmond(2) (5)		
	Richwoods(2) (5)		
	Risco(1) (2) (5)		

- (1) Extended Area Service - See Paragraph 1.4.
- (2) Message Rate Business Service not offered.
- (3) Message Rate Business Service obsolete - limited to existing customers.
- (4) See Paragraph 1.1.3, preceding.
- (5) One-party service only available.

FILED

FEB 20 1996

Issued: JAN 20 1996

Effective: FEB 20 1996

MISSOURI PUBLIC SERVICE COMMISSION

By HORACE WILKINS, JR., President-Missouri
Southwestern Bell Telephone Company
St. Louis, Missouri

Case No. TA-97-251
Exhibit C, Page 3 of 9

No supplement to this tariff will be issued except for the purpose of canceling this tariff.

LOCAL EXCHANGE TARIFF
65th Revised Sheet 7
Replacing 64th Revised Sheet 7

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LOCAL EXCHANGE TARIFF

1.3 EXCHANGES BY RATE GROUP-(Continued)

FEB 29 1996

1.3.2 Rate Group B(4)

MISSOURI
Public Service Commission

Camdenton(1) (2) (5)	Lake Ozark-Osage Beach(1) (2) (5)
Cape Girardeau(1) (2) (5)	Manchester(1) (5)
Carthage(2) (5)	Marshall(2) (5)
Cedar Hill(1) (2) (5)	Maxville(1) (5)
Chesterfield(1) (5)	Mexico(2) (5)
Chillicothe(2) (5)	Monett(1) (3) (5)
DeSoto(1) (2) (5)	Moberly(1) (2) (5)
Dexter(1) (2) (5)	Neosho(2) (5)
Eldon(1) (3) (5)	Nevada(1) (2) (5)
Excelsior Springs(5)	Pacific(1) (2) (5)
(CP) Farmington(1) (2) (5)	Perryville(1) (2) (5)
Fenton(1) (5)	Pond(1) (5)
Festus-Crystal City(1) (2) (5)	(CP) Poplar Bluff(1) (2) (5)
Flat River(1) (2) (5)	St. Charles(1) (2) (5)
Fulton(2) (5)	St. Clair(3) (5)
Gravois Mills(1) (2) (5)	St. Joseph(1) (5)
Hannibal(2) (5)	Sedalia(2) (5)
Harvester(1) (5)	Sikeston(1) (2) (5)
High Ridge(1) (5)	Union(1) (2) (5)
Imperial(1) (2) (5)	Valley Park(1) (5)
Jackson(1) (2) (5)	Washington(3) (5)
Joplin(1) (2) (5)	Webb City(1) (2) (5)
Kennett(1) (2) (5)	
Kirksville(2) (5)	

FILED

- (1) Extended Area Service - See Paragraph 1.4.
- (2) Message Rate Business Service obsolete-limited to existing customers.
- (3) Message Rate Business Service not offered.
- (4) See Paragraph 1.1.3, preceding.
- (5) One-party service only available.

MO. PUBLIC SERVICE COMM

Issued: FEB 29 1996

Effective: MAR 30 1996

By HORACE WILKINS, JR., President-Missouri
Southwestern Bell Telephone Company
St. Louis, Missouri

Case No. TA-97-251
Exhibit C, Page 4 of 9

No supplement to this
tariff will be issued
except for the purpose
of canceling this tariff.

LOCAL EXCHANGE TARIFF
32nd Revised Sheet 8
Replacing 31st Revised Sheet 8

LOCAL EXCHANGE TARIFF

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(AT) 1.3 EXCHANGES BY RATE GROUP- (Continued)

(FC) 1.3.3 Rate Group C(2)

DEC 11 1994

Springfield Metropolitan Exchange

MO. PUBLIC SERVICE COMM.

Principal Zone
-Principal Zone Base Rate Area(3)

Metropolitan Calling Area-1 (MCA-1) Zones

Fair Grove(3)
Nixa(1) (3)
Republic(1) (3)
Rogersville(3)
Strafford(3)
Willard(3)

- (1) Extended Area Service - See Paragraph 1.4.
- (2) See Paragraph 1.1.3, preceding.
- (3) One-party service only available.

FILED

JAN 11 1995

Issued: DEC 13 1994

Effective: PUBLIC SERVICE COMMISSION

By HORACE WILKINS, JR., President-Missouri
Southwestern Bell Telephone
St. Louis, Missouri

Case No. TA-97-251
Exhibit C, Page 5 of 9

No supplement to this
tariff will be issued
except for the purpose
of canceling this tariff.

LOCAL EXCHANGE TARIFF
42nd Revised Sheet 9
Replacing 41st Revised Sheet 9

LOCAL EXCHANGE TARIFF

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1.3 EXCHANGES BY RATE GROUP- (Continued)

FEB 29 1996

1.3.4 Rate Group D(1)

Kansas City Metropolitan Exchange

St. Louis Metropolitan Exchange
MISSOURI PUBLIC SERVICE COMMISSION

Principal Zone (2)

Principal Zone (2)

Metropolitan
Calling Area-1 Zones
Gladstone (2)
Independence (2)
Parkville (2)
Raytown (2)
South Kansas City (2)

Metropolitan
Calling Area-1 Zones
Ferguson (2)
Ladue (2)
Mehlville (2)
Overland (2)
Riverview (2)
Sappington (2)
Webster Groves (2)

Metropolitan
Calling Area-2 Zones
Belton (2)
Blue Springs (2)
East Independence (2)
Lee's Summit (2)
Liberty (2)
Nashua (2)

Metropolitan
Calling Area-2 Zones
Bridgeton (2)
Creve Coeur (2)
Florissant (2)
Kirkwood (2)
Oakville (2)
Spanish Lake (2)

(CP) Tiffany Springs (2)

(CP) Oakville (2)
Spanish Lake (2)

FILED

MAR 30 1996

(1) See Paragraph 1.1.3, preceding.
(2) One-party service only available.

MO. PUBLIC SERVICE COMM

Issued: FEB 29 1996

Effective: MAR 30 1996

GTE LOCAL EXCHANGE LISTING¹

Alton	Crane	Humansville
Amazonia	Cross Timbers	Hunnewell
Annapolis	Cuba	Hurley
Arcola		
Ashland	Dadeville	Irondale
Augusta	Dalton	Ironton
Aurora	Dardenne/Lake	
Ava	St. Louis	Jamestown
Avenue City	Defiance	Jenkins
Avilla	Dora	Jerico Springs
		Jonesburg
Belgrade	Easton	
Belle	Edgar Springs	Kahoka
Bellevue	Eldorado Springs	Keytesville
Birch Tree	Elkland	Kidder
Bland	Ellsinore	Kimberling City
Blue Eye	Elmer	Kingston
Bolckow	Eminence	Koshkonong
Boss	Everton	
Bourbon	Ewing	LaBelle
Bradleyville	Exeter	Laddonia
Branson		LaGrange
Branson West	Fillmore	La Plata
Braymer	Foley	Lawson
Bronaugh-Moundville	Fordland	Leasburg
Brunswick (Triplett)	Foristell	Lesterville
Buffalo	Forsyth	Lewistown
Bunker	Fremont	Licking
		Louisburg
Cabool	Gainesville	Lowry City
Caledonia	Galena	
Cameron	Golden City	Macon
Canton	Gorin	Manes
Cape Fair	Gower	Mano
Cassville	Grenfield	Mansfield
Caulfield	Grovespring	Marshfield
Cedar Creek		Marthasville
Centerville	Hallsville	Maysville
Centralia	Hamilton	Milo
Chamois	Hartville	Monroe City
Clarence	Hawk Point	Montauk Park
Clark	Helena	Monticello
Clarksdale	Hermann	Morrison
Collins	Hermitage	Moscow Mills
Columbia	High Hill	Mount Sterling
Concordia	Highlandville	Mt. Verton
Conway	Holstein	Mtn. Grove
Cosby	Houston	Mtn. View

¹Source: GTE Midwest Incorporated General and Local Exchange Tariff
PSC MO. NO. 1, Section 4, Sheets 6 through 15.

GTE LOCAL EXCHANGE LISTING (contd.)

Nebo	Thayer
New Melle	Theodosia
Niangua	Thomasville
Norwood	Timber
	Trimble
Oates	Troy
O'Fallon	Truxton
Old Monroe	Turney
Osborn	
Osceola	Urbana
Ozark	
	Van Buren
Palmyra	Vanzant
Paris	Vichy
Perry	
Pittsburg	Walker
Plattsburg	Warrenton
Potosi	Washburn
Prairie Home	Wasola
Preston	Wayland*
Protem	Weaubleau
	Wentzville
Raymondville	West Plains
Reeds Spring	West Quincy
Revere	Wheatland
Roby	Whitesville
Rochepoint	Willow Springs
Rockaway Beach	Winfield
Rockville	Winona
Rosendale	Wooldridge
	Wright City
St. James	
St. Peters	
Safe	*Includes customers in
Santa Fe	Base Rate Area
Sarcozie	Alexandria
Savannah	
Schell City	
Seymour	
Shelbina	
Shelbyville	
Sheldon	
Shell Knob	
Sparta	
Stewartsville	
Stoutsville	
Sturgeon	
Summersville	

GENERAL EXCHANGE TARIFF

UNITED TELEPHONE COMPANY
OF MISSOURI d/b/a SPRINTSecond Revised Page 2
Cancels First Revised Page 2

LOCAL EXCHANGE SERVICE RATE GROUPS

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I. ACCESS LIMITS AND EXCHANGES BY RATE GROUPS: (Cont'd)

Jan - 8 1997

B. EXCHANGES IN EACH RATE GROUP IN "A" ABOVE

MISSOURI
Public Service CommissionI

Appleton City	Blackburn	Blairstown	Brazito
Calhoun	Camden Point	Centertown	Centerview
Chilhowee	Clarksburg	Coal	Craig
Dearborn	Deepwater	Edgerton	Eugene
Fairfax	Green Ridge	Hardin	Henrietta
Holt	Hopkins	Houstonia	Ionia
King City	Kingsville	Leeton	Lincoln
Malta Bend	Missouri City	Montrose	New Bloomfield
Newburg	Norborne	Orrick	Otterville
Pickering		St. Thomas	Smithton (MT)
Strasburg	Sweet Springs	Syracuse	Taos (MT)
Tarkio		Urich	Waverly (MT)
Wellington			

II

Buckner	Butler	California	Cole Camp
Holden	Kearney	Lake Lotawana	Lexington
Lone Jack	Mound City		Platte City (MT)
Pleasant Hill	Richland	Russellville	St. Robert (AT)
Tipton	Waynesville	Weston	Windsor (AT)

III

Clinton	Ferrelview	Ft. Leonard Wood	Harrisonville
Lebanon	Maryville	Oak Grove	Odessa (AT)
Rolla	Salem	Warrensburg	Warsaw

IV

Jefferson City

FILED

FEB 10 1997

MO.PUBLICSERVICECOMM

ISSUED:
January 8, 1997BY: John L. Roe
Vice President - Carrier & Regulatory Services
5454 West 110th Street
Overland Park, Kansas 66211EFFECTIVE:
February 10, 1997
Case No. TA-97-251
Exhibit C, Page 9 of 9