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March 10, 2000

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DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. TA-2000-453

FILED²

MAR 10 2000

Missouri Public
Service Commission

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Bruce H. Bates
Assistant General Counsel
(573) 751-7434
(573) 751-9285 (Fax)

BB/df
Enclosure
cc: Counsel of Record

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

FILED²
MAR 10 2000
Missouri Public
Service Commission

In the Matter of the Application of MGC)
Communications, Inc. for a Certificate of)
Service Authority to Provide Basic Local)
Telecommunications Service in portions)
of the State of Missouri and for)
Competitive Classification.)

Case No. TA-2000-453

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and for its
Recommendation states:

1. In the attached *Memorandum*, which is labeled *Appendix A*, Staff recommends that the Missouri Public Service Commission ("Commission") grant MGC Communications, Inc. ("Applicant") a certificate of service authority to provide basic local telecommunications service. The Commission shall grant an application for a certificate of telecommunications service authority upon a finding that the grant of authority is in the public interest. (See Sections 392.430 and 392.440, RSMo 1994).

2. Staff also recommends that the Commission classify Applicant and its services as competitive. The Commission may classify a telecommunications provider or its services as competitive if the Commission determines it is subject to sufficient competition to justify a lesser degree of regulation. (See Section 392.361.2, RSMo 1994.) All the services a competitive company provides must be classified as competitive. (See Section 392.361.3, RSMo 1994.)

3. Staff further recommends that the Commission approve the waivers listed in the Application for Certificate of Service Authority and for Competitive Classification. The Commission may waive the application of its rules and certain statutes if the Commission determines that the waiver is consistent with the purposes of Chapter 392, RSMo. (See Sections 392.361.3 and 392.420, RSMo 1994, as well as Section 392.185, RSMo Cum.Supp. 1999.)

WHEREFORE Staff recommends that the Commission grant Applicant a certificate of service authority to provide basic local telecommunications services. Staff also recommends that the Commission grant Applicant competitive classification and approve the waivers listed in the Application for Certificate of Service Authority and for Competitive Classification.

Respectfully submitted,

DANA K. JOYCE
General Counsel



Bruce H. Bates
Assistant General Counsel
Missouri Bar No. 35442

Attorney for the Staff of the
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel or parties of record as shown on the attached service list this 10th day of March 2000.



Bruce H. Bates

MEMORANDUM

RECEIVED

MAR 10 2000

11:30 AM

COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION

To: Missouri Public Service Commission Official Case File
Case No. TA-2000-453
MGC Communications, Inc.

From: Philip M. Garcia *P9 BV*
Telecommunications Department

[Signature] 3/10/00
Utility Operations Division/Date

Wm K H... 3/10/00 *B... 3-10-00*
General Counsel's Office/Date

Subject: Staff Recommendation to Approve Certificate of Service Authority to Provide
Basic Local Telecommunications Services

Date: March 08, 2000

On January 20, 2000, MGC Communications, Inc. (MGC) submitted an Application for Certificate of Service Authority to Provide Basic Local Exchange Telecommunications Services. On January 25, 2000, the Missouri Public Service Commission (Commission) issued a Notice of Applications that established an intervention deadline of February 24, 2000. No parties filed for intervention in the case.

MGC requests classification as a competitive telecommunications carrier and proposes to provide resold and facilities-based basic local telecommunications services in portions of Missouri that are currently served by three incumbent local exchange carriers (ILEC's). These are Southwestern Bell Telephone Company (SWBT), GTE Midwest, Inc. (GTE), and United Telephone Company of Missouri d/b/a/ Sprint (Sprint). MGC provides as Appendix B the lists of exchanges appearing in the tariffs of SWBT, GTE, and Sprint as the specific exchanges in which it requests authority to serve.

MGC requests a temporary waiver of 4 CSR 240-2.060(4)(H) which requires applicants to file a tariff with the application for certificate of service authority. MGC submitted copies of its Certificate of Authority from the Missouri Secretary of State, a brief description of the qualifications and experience of its key management employees, and a copy of its financial statements. A copy of the Financial Analysis Department's memo is attached.

MGC' Application states that it will comply with all billing, quality of service, and tariff requirements of the Commission. It also states that MGC will offer basic local telecommunications service as a separate and distinct service, and give consideration to equitable access for all Missourians within the geographic area in which it proposes to offer basic local service, regardless of where they live or their income.

Appendix A

MGC requested waivers of the following Commission rules and statutes:

392.210.2	uniform system of accounts
392.270	valuation of property
392.280	depreciation of 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, debt and notes
392.340	reorganization
4 CSR 240-10.020	depreciation of fund income
4 CSR 240-30.040	uniform system of accounts
4 CSR 240-35	reporting of bypass and customer-specific arrangements

The aforementioned waivers are routinely granted to competitive local exchange carriers.

MGC states that it "intends to offer and provide resold and facilities-based basic local telecommunications services to business customers {small businesses} and may, in the future, additionally offer services to residential customers." MGC further states it plans to deploy its own facilities network using a regional switching architecture to service Missouri customers. The Telecommunications Department Staff (Staff) has reviewed MGC's Application and concludes that:

1. MGC possesses sufficient technical, financial, and managerial resources to provide basic local exchange telecommunications service. In Appendix C and D of its application, MGC demonstrates its technical, financial and managerial resources and abilities.
2. MGC has sufficiently identified the geographic area in which it proposes to offer basic local service and the area follows exchange boundaries of the ILEC's and is no smaller than an exchange.
3. MGC will provide basic local exchange service as a separate and distinct service.
4. MGC has demonstrated that the services it proposes to offer satisfy the minimum standards established by the Commission and that it will comply with those minimum standards.
5. MGC will provide equitable access to affordable telecommunications services for all Missourians, regardless of where they live or their income.

Therefore, the Staff recommends the Commission grant MGC a Certificate of Service Authority to Provide Basic Local Telecommunications with the following condition: if MGC later provides access service, its originating and terminating access rates will be no greater than the lowest Commission approved corresponding access rates in effect for each ILEC within whose service area MGC seeks authority to provide service, unless authorized by the Commission pursuant to Sections 392.220 and 392.230 RSMo. Staff also recommends that the Commission order MGC to file a tariff within thirty (30) days following the Commission's approval of an interconnection agreement, and that the filed tariff have an effective date forty-five (45) days following the date the tariff is filed with the Commission. Additionally, Staff recommends that MGC be classified as a competitive telecommunications carrier and that MGC's certificate become effective when its tariff becomes effective. Lastly, Staff recommends the Commission grant MGC waivers of the previously mentioned Commission rules and statutes.

The Staff is unaware of any other filing which affects, or which would be affected by, this filing. MGC has not filed any proposed interconnection agreements with this Commission.

Attachment

Service List for
Case No. TA-2000-453
March 10, 2000

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