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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 30th
day of June, 1998.

In the Matter of the Application of McLeodUSA)
Telecommunications Services, Inc. for a)
Certificate of Service Authority to Provide) Case No. TA-98-288
Basic Local Telecommunications Service and)
Local Exchange Telecommunications Service in)
the State of Missouri.)

**ORDER APPROVING TARIFF AND ASSIGNMENT
OF INTERCONNECTION AGREEMENT**

The Commission granted to McLeodUSA Telecommunications Services, Inc. (McLeodUSA) a certificate of service authority to provide basic local telecommunications services in Missouri by order issued on May 19, 1998. The order, which took effect on May 29, directed the company to file tariff sheets reflecting the rates, rules, and regulations it will use and the services it will offer, and provided that McLeodUSA's certificate would become effective concurrent with the effective date of the company's proposed tariffs. The May 19 order temporarily waived the filing of a 45-day tariff as required by 4 CSR 240-2.060(4)(H) because, at the time the company filed for certification, it had not yet executed or filed interconnection agreements with the incumbent local exchange carriers (ILECs) involved. McLeodUSA first filed the required tariff sheets (P.S.C. Mo. No. 1; Tariff File No. 9800937) on May 28, with an effective date of June 27.

Also on May 28, McLeodUSA filed a pleading entitled "Disclosure of Interconnection Agreement, Notice of Tariff Filing, and Request for Coordination of Cases" (Disclosure). The Disclosure explained that

McLeodUSA had applied for Commission approval of its agreement with Communications Cable-Laying Company, Inc. d/b/a Dial US (Dial US) to transfer the assets of Dial US to McLeodUSA in Case No. TM-98-503. McLeodUSA had obtained an assignment of Dial US's rights and obligations under an interconnection agreement between Dial US and Southwestern Bell Telephone Company (SWBT) that was approved by the Commission on September 6, 1996 in Case No. TO-96-440. McLeodUSA stated, and the documents attached to its Disclosure confirmed, that the proposed assignment would be effectuated upon the closing of the transaction proposed in Case No. TM-98-503, following Commission approval of the proposed transaction. McLeodUSA requested that the Commission coordinate the issuance of orders in Case Nos. TA-98-288 and TM-98-503 and brought to the Commission's attention that McLeodUSA's tariff had an effective date of June 27, 1998, and that McLeodUSA had requested approval of its asset transfer plan by June 30.

On June 9, in Case No. TM-98-503, McLeodUSA filed a motion for expedited treatment of its application for permission to purchase the assets of Dial US. McLeodUSA requested that the Commission issue an order on or before June 15 in order to permit completion of the transaction by June 30. McLeodUSA stated that this would minimize the period of potential customer confusion and facilitate quarterly reporting obligations of McLeodUSA and Dial US. On June 19, McLeodUSA requested that any Commission approval of its asset transfer proposal be made effective on less than ten days' notice. McLeodUSA waived any right to object to an effective date of less than ten days.

McLeodUSA withdrew its first tariff filing on June 19 in Case No. TA-98-288 and, on the same date, filed a new set of basic local

tariff sheets (P.S.C. Mo. No. 1; Tariff File No. 9800994), bearing an effective date of July 19. McLeodUSA also filed substitute sheets on June 19. The tariff sets forth the charges, rules and regulations which McLeodUSA will use to provide resold basic local telecommunications services in areas served by SWBT. In addition, on June 19, McLeodUSA filed a request that the Commission permit its tariff to take effect on less than 30 days' notice, pursuant to Section 392.220.2, RSMo Supp. 1997, and 4 CSR 240-30.010(11)(G). Specifically, McLeodUSA seeks to have its tariff sheets take effect on or before June 30. The Commission's Staff reviewed the tariff sheets and filed a Memorandum on June 22 recommending that the Commission approve them as amended. On June 23, SWBT filed a letter indicating that it does not oppose McLeodUSA's request to have the tariffs take effect in less than 30 days.

On June 25, the Commission issued its Order Approving Sale of Assets in Case No. TM-98-503. The Commission ordered McLeodUSA and Dial US to transfer existing Dial US customers from service under Dial US's tariff and name to service under McLeodUSA's tariff and name, and to notify the Commission immediately after completion of the migration. In addition, the Commission ordered McLeodUSA and Dial US to notify the Dial US customers of their right to elect McLeodUSA's rates within ten days after migrating the customers to McLeodUSA, and to notify the Commission of the date and form of the customer notification no later than ten days after sending the customer notification. The Commission granted McLeodUSA's request for an order with a fewer than ten-day effective date, making its order effective on June 26.

On June 29, McLeodUSA and Dial US filed a Certificate of Counsel Concerning Closing of Transaction in Case No. TM-98-503. McLeodUSA and

Dial US stated that they completed the asset transfer and related transactions on June 29, 1998.

In its June 22 Memorandum, Staff stated that McLeodUSA intends to offer resold business and residential services in many of the exchanges served by SWBT. Staff mentioned that P.S.C. Mo. No. 1 (Tariff File No. 9800994) includes terms upon which McLeodUSA will offer the following: Direct Inward Dialing (DID) services, Integrated Services Digital Network (ISDN) services, Digital Link and PLEXAR services. According to Staff, McLeodUSA's proposed tariff contains services and rates that are similar to those currently offered in Dial US's basic local service tariff, PSC Mo. No. 4.¹ Staff stated that it has no objections to McLeodUSA's tariff, and that the tariff includes appropriate language regarding 911/E911 service. Staff recommended that the Commission approve the tariff as amended.

Staff's June 22 Memorandum also addressed McLeodUSA's Disclosure of Interconnection Agreement, Notice of Tariff Filing and Request for Coordination of Cases. Staff stated that the assignment would become effective upon Commission approval of the transfer of assets from Dial US to McLeodUSA in Case No. TM-98-503. McLeodUSA does not have interconnection agreements with GTE Midwest Incorporated or Sprint Missouri, Inc., the other ILECs in whose territories McLeodUSA is certificated to offer basic local exchange telecommunications services.

¹ Although McLeodUSA's application for approval of its transfer of assets from Dial US in Case No. TM-98-503 stated that McLeodUSA would permit the existing Dial US customers to either retain their Dial US rates and services or transfer to McLeodUSA's rates and services, McLeodUSA's proposed basic local tariff contains only one set of rates and services. McLeodUSA's interexchange tariff revisions (Tariff File No. 9800936) do, on the other hand, add a second set of rates and services for a limited period of time.

Staff stated that it was unaware of any other filings which affect or would be affected by McLeodUSA's proposed tariff.

The Commission has reviewed the tariff sheets, the Staff's recommendation, and the pleadings in this case and Case No. TM-98-503, and makes the following findings of fact and conclusions of law.

The Commission finds that the assignment to McLeodUSA of Dial US's rights and obligations under its interconnection agreement with SWBT is in the public interest and should be approved. The terms of this agreement were already approved in Case No. TO-96-440, and the assignment does not change the terms of the approved agreement. The Commission finds that the assignment should have an effective date coincident with the effective date of this order.

The Commission finds that procedures should be established to ensure that the parties affected by the assignment receive notice of its effective date and that the Commission has an accurate record of the parties to, effective dates of, and modifications to all interconnection agreements that it has approved. Therefore, the Commission finds that McLeodUSA and Dial US should submit legible copies of the documents attached as Appendix A to McLeodUSA's Disclosure to the Commission's Staff. The Commission's Staff should treat such documents as it would any modification to an existing, Commission approved interconnection agreement and ensure that the Commission's tariff room records of the assignment clarify the date upon which McLeodUSA has gained, and Dial US has lost, rights and obligations under the agreement. The Appendix A documents should be submitted by McLeodUSA and Dial US no later than ten days after the assignment has become effective. Further modifications to the agreement should be made in accordance with the procedure

established on June 16 in Case No. TO-98-410. The Commission finds that its Records Department should send copies of this order to Dial US and SWBT.

The Commission further finds that McLeodUSA's basic local tariff sheets (Tariff File No. 9800994) conform to the Commission's order of May 19, are similar to tariffs approved for other competitive local exchange carriers and should be approved as amended. Moreover, the Commission finds that McLeodUSA has demonstrated good cause for its tariff to take effect on less than 30 days' notice, and SWBT does not oppose the request. Therefore, the Commission will grant McLeodUSA's request for the tariffs to take effect in less than 30 days.

The Commission finds that the conditions stated in the May 19 order for McLeodUSA's certificate of service authority to provide basic local telecommunications service will be fulfilled, with respect to the areas currently served by SWBT, at the time P.S.C. Mo. No. 1 takes effect.

THEREFORE, IT IS ORDERED:

1. That the proposed assignment of the rights and obligations of Communications Cable-Laying Company, Inc. d/b/a Dial US, under the agreement approved on September 6, 1996 in Case No. TO-96-440, to McLeodUSA Telecommunications Services, Inc. is approved effective July 1, 1998.

2. That McLeodUSA Telecommunications Services, Inc., Southwestern Bell Telephone Company and Communications Cable-Laying Company d/b/a Dial US shall submit to the Commission's Staff a copy of Appendix A to the "Disclosure of Interconnection Agreement, Notice of Tariff Filing, and Request for Coordination of Cases" filed by McLeodUSA

Telecommunications Services, Inc. on May 28, 1998, no later than July 11, 1998.

3. That any further changes or modifications to the agreement for which assignment is approved under Ordered paragraph 2 shall be filed with the Commission for approval pursuant to the procedures outlined in the Commission's June 16, 1998 order in Case No. TO-98-410.

4. That the Records Department of the Commission shall send copies of this order to all parties to this case and Case No. TM-98-503.

5. That the tariff sheets filed by McLeodUSA Telecommunications Services, Inc. on June 19, 1998, are approved as amended to become effective on July 1, 1998. The tariff sheets approved are:

P.S.C. Mo. No. 1
Original Title Sheet
Original Sheets 1 through 122

6. That the approval granted in Ordered paragraph 5 is conditioned on compliance with Ordered paragraph 2 of this order.

7. That the certificate of service authority granted to McLeodUSA Telecommunications Services, Inc. on May 19, 1998 to provide basic local telecommunications service in areas currently served by Southwestern Bell Telephone Company shall take effect on July 1, 1998.

8. That this order shall become effective on July 1, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

Randles, Regulatory Law Judge