BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of an Investigation into Various Issues Related to the Missouri Universal Service Fund.

Case No. TO-98-329

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ORDER MODIFYING PROCEDURAL SCHEDULE

The Staff of the Commission (Staff) filed a Motion to Modify Procedural Schedule on May 29, 1998. According to Staff's motion, the parties are in agreement that the filing and hearing dates for determination of the appropriate cost model for the Missouri Universal Service Fund should be revised.

The Commission has reviewed the motion and will approve the modified procedural schedule as agreed to by the parties. However, the Commission has two concerns which need to be addressed. The Regulatory Law Judge instructed the parties at the prehearing conference on May 15 that the Commission wished to be advised as to the desirability of local public hearings regarding Missouri Universal Service Fund issues. Since no local public hearing requests have yet been filed, the Commission will direct the parties to make a recommendation by a date certain.

The Commission's second concern is that the parties have scheduled the hearing for just, reasonable, and affordable (JRA) rates for basic local service prior to the resolution of the appropriate costing model. The original schedule called for the hearings on the issues to take place within two months of one another. However, the revised schedule will result in the hearings being held four months apart. The Commission will direct the parties to file a pleading explaining the rationale for the order in which these issues are to be considered. Specifically, how do the parties propose that the Commission determine what rates are just and reasonable when the costing model and evidence have not been developed to demonstrate the actual costs of providing the services? If the parties are proposing that the Commission develop interim JRA rates to be revised after the costing model and inputs have been approved, the Commission should be so advised. In the alternative, if the parties intend to develop a formula that can be applied to actual costs once the evidence has been developed, they should advise the Commission of this intention. If the parties have developed some other method of coordinating these cases, again the Commission should be advised.

The Commission will approve the modification of the procedural schedule as agreed to by the parties and establish dates for the filing of the additional pleadings.

IT IS THEREFORE ORDERED:

1. That the Motion to Modify Procedural Schedule filed by the Staff of the Commission on May 29, 1998 is granted.

2. That the procedural schedule for the hearing to determine the appropriate cost model for the Universal Service Fund is modified as follows:

| Direct testimony | June 30, 1998, 3:00 p.m. |
|-----------------------|--|
| Rebuttal testimony | September 25, 1998, 3:00 p.m. |
| Surrebuttal testimony | October 27, 1998, 3:00 p.m. |
| Conference call | November 12, 1998 (to be scheduled by the parties) |
| Hearing memorandum | November 20, 1998 |
| Evidentiary hearing | December 1-4 and 7-9, 1998, 9:00 a.m. (first day) |

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3. That the Staff of the Commission and the Office of the Public Counsel shall file a pleading advising the Commission of the advisability of conducting local public hearings on Missouri Universal Service issues and recommending a proposed schedule for any hearings recommended no later than June 15, 1998. Any other party wishing to file a pleading regarding local public hearings may do so no later than June 15, 1998.

4. That the Staff of the Commission shall file a pleading explaining to the Commission the rationale for conducting the hearing regarding just, reasonable, and affordable rates prior to the determination of the appropriate costing model no later than June 15, 1998.

5. That this order shall become effective on June 12, 1998.

BY THE COMMISSION

Hole Hredy Roberts

Dale Hardy Roberts Secretary/Chief Regulatory Law Judge

(SEAL)

L. Anne Wickliffe, Deputy Chief Regulatory Law Judge, by delegation of authority pursuant to 4 CSR 240-2.120(1) (November 30, 1995) and Section 386.240, RSMo 1994.

Dated at Jefferson City, Missouri, on this 4th day of June, 1998.

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