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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 24th
day of February, 1995.

In the matter of Southwestern Bell Telephone Company's)
tariffs to revise P.S.C. Mo.-No. 24, Local Exchange) Case No. TR-95-241
Tariff, to introduce Local Plus service.)
)

ORDER SUSPENDING TARIFF

On February 1, 1995, Southwestern Bell Telephone Company (SWB) submitted proposed changes to its tariff designed to provide an optional expanded local calling service available to flat rate residence and business customers. The service is called Local Plus and provides for a flat monthly rate and unlimited calling within the customer's local access transport area (LATA). SWB proposes to offer the service to all customers within each LATA where it provides service. SWB states that it is filing the service under the provisions of Section 392.220.4, R.S.Mo. 1994, as a new service.

Competitive Telecommunications Association of Missouri (CompTel-MO), AT&T Communications of the Southwest, Inc. (AT&T), MCI Telecommunications Corporation (MCI), Sprint Communications Company L.P. (Sprint) and the Office of Public Counsel (OPC) filed motions to suspend the tariff sheets. MCI, AT&T and Sprint request intervention in this case. This case was established to consider the motions to suspend.

CompTel-MO contends that the tariff sheets should be suspended because Local Plus service is anticompetitive and the prohibition against resale by interexchange carriers (IXCs) is an obstacle to competition and free access to the market. CompTel-MO contends that a customer who subscribes to Local Plus would cause revenue shortfall for IXCs as well as SWB, especially since SWB is the predominant carrier of toll in the intraLATA market.

AT&T argues that Local Plus would effectively allow SWB to monopolize calling within a LATA by transforming a toll service into a local service. AT&T argues further that the proposed service is anticompetitive and is not priced to recover its imputed access costs.

MCI contends that the Local Plus tariff sheets should be rejected or suspended because of SWB's attempt to treat the service as a new service under Section 392.220.4. MCI contends the service is, in reality, repackaging of toll service and is not a new service. MCI also contends the service is anticompetitive since it classifies the service as noncompetitive, which would merge this traffic into SWB's local service for which SWB has a monopoly. MCI also questions whether the service recovers its costs.

OPC contends that the Commission should suspend the proposed tariff sheets because they do not recover all appropriate embedded costs. OPC also contends the service is repackaged toll and not a local service offering, and requests the Commission to consider the effect of this offering on Relay Missouri.

Sprint's position in its motion is similar to the other IXCs' in that it contends Local Plus does not recover its costs and is anticompetitive.

On February 22, 1995, SWB filed a response to the motions of AT&T, MCI and CompTel-MO. In its response SWB argues that Local Plus is an optional, not a mandatory, service and therefore is not anticompetitive since the IXC could offer competing flat rate service. SWB points out that its plan is limited to LATA boundaries while the IXC could offer competing services statewide. SWB states that no other company offers customers an optional LATA-wide flat rate calling plan, so Local Plus is a new service.

The Commission has considered the proposed tariff sheets, the motions and SWB's response and finds that significant questions concerning the proposed service have been raised and the tariff sheets should be suspended for further

consideration. The initial question facing the Commission is whether Local Plus is a new service pursuant to Section 392.220.4. If it is a new service, then the Commission may suspend the tariff sheets for only sixty days and must render a decision within that time frame or the service will become effective. Section 392.220.4 contains two key provisions. They are: (1) that a new service which has not previously been provided by any telecommunications company in Missouri may be suspended for only sixty days; and (2) that the sixty-day limit is not applicable to any new price or method of pricing for a service presently being offered. The Commission finds that parties should first address this issue in pleadings filed on an expedited basis before further procedures are established. Section 392.220.4 also requires SWB to file its justification for considering Local Plus as a new service. The Commission finds that SWB should be given an opportunity to file any additional justification for considering Local Plus a new service. This filing will also be ordered on an expedited basis.

The Commission also finds that the persons who have sought intervention will be granted intervention, as well as CompTel-MO. The Commission will also establish an expedited intervention date for other interested persons to seek intervention. The Commission finds that notice of this case should be sent by the Information Office to all newspapers which serve SWB's territory and to all members of the General Assembly which represent customers in SWB's territory.

IT IS THEREFORE ORDERED:

1. That the tariff sheets submitted by Southwestern Bell Telephone Company on February 1, 1995, to provide Local Plus service are hereby suspended an initial sixty (60) days beyond the effective date of March 3, 1995, to May 2, 1995.

2. That Competitive Telecommunications Association of Missouri, AT&T Communications of the Southwest, Inc., MCI Telecommunications Corporation, and Sprint Communications Company L.P. are hereby granted intervention.

3. That notice of this matter shall be made as described in this order.

4. That applications to intervene in this matter shall be filed on or before March 3, 1995, and a copy sent to Southwestern Bell Telephone Company's representative:

Alfred G. Richter, Jr.
Vice President and General Counsel
Southwestern Bell Telephone Company
100 North Tucker
St. Louis, Missouri 63101

5. That on or before March 2, 1995, Southwestern Bell Telephone Company shall file its justification for considering the proposed Local Plus service as a new service pursuant to Section 392.220.4, R.S.Mo. 1994.

6. That the filing ordered in Ordered Paragraph 5 shall be served by overnight mail to all parties in this case.

7. That responses to Southwestern Bell Telephone Company's justification filed pursuant to Ordered Paragraph 5 shall be filed on or before March 7, 1995.

8. That this order shall become effective on the 3rd day of March, 1995.

BY THE COMMISSION



**David L. Rauch
Executive Secretary**

(S E A L)

Perkins, Kincheloe and Crumpton, CC.,
concur.
Mueller, Chm., and McClure, C., absent.