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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 22nd day of December 1998.

In the Matter of the Application of Choctaw)
Communications, L.C., d/b/a Smoke Signal)
Communications for a Certificate of Service)
Authority to Provide Basic Local) Case No. TA-98-561
Telecommunications Services in the)
State of Missouri, and to Classify Said)
Services and the Company as Competitive.)

ORDER GRANTING CERTIFICATE TO PROVIDE
BASIC LOCAL TELECOMMUNICATIONS SERVICES

Procedural History

Choctaw Communications, L.C. d/b/a Smoke Signal Communications (Choctaw) applied to the Commission on June 18, 1998, for a certificate of service authority to provide basic local exchange telecommunications services in Missouri under Sections 392.420 - .440, RSMo 1994¹, and Sections 392.410 and .450, RSMo Supp. 1997. Choctaw 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. Choctaw is a limited liability company, organized and existing under the laws of Texas, with principal offices located at 8400 S. Gessner, Houston, Texas 77074.

The Commission issued a notice and schedule of applicants on June 23, directing interested parties wishing to intervene to do so by July 23. The Commission granted permission to intervene to Southwestern Bell Telephone Company (SWBT) on August 4. On October 9, the Staff of the

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

Missouri Public Service Commission (Staff) filed a Motion to Establish Procedural Schedule, which indicated that the parties had been unable to reach a stipulation and agreement at that time. An Order Adopting Procedural Schedule was issued by the Commission on October 19.

The parties filed a Stipulation and Agreement (Agreement) which is included with this order as Attachment 1 on December 7. The procedural schedule was canceled by order of the Commission issued on December 10. Staff filed Suggestions in Support of the Stipulation and Agreement on December 14. In the Agreement, the parties waived their rights to present testimony, cross-examine witnesses, present oral argument or briefs, and to seek rehearing or judicial review. The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence. State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission, 776 S.W.2d 494, 496 (Mo. App. 1989). Since no one has requested a hearing in this case, the Commission may grant the relief requested based on the verified application.

Discussion

Choctaw seeks certification to provide basic local exchange telecommunications services in portions of Missouri that are currently served by SWBT. Choctaw is not asking for certification in any area that is served by a small incumbent local exchange provider. Choctaw proposes to operate in all of the exchanges described in Attachment B to the Agreement. Choctaw is requesting that its basic local services be

classified as competitive and that the application of certain statutes and regulatory rules be waived.

A. Requirements of 4 CSR 240-2.060(4)

Commission rule 4 CSR 240-2.060(4) requires a foreign limited liability company applying for certification to provide telecommunications services to include in its application a certificate from the Secretary of State showing that 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. Choctaw has provided all the required documentation except for the proposed tariff. The company requested a temporary waiver of 4 CSR 240-2.060(4)(H) until it has entered into an interconnection agreement with the underlying local exchange carrier and that agreement has been approved by the Commission. The company agreed to submit to the Commission for approval a proposed tariff with a minimum 45-day effective date once it is party to the appropriate interconnection agreement. Choctaw will file the tariff in this case and give notice of the tariff filing to all the parties. Along with that filing Choctaw 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

Section 392.455, RSMo Supp. 1997, sets out the requirements for granting certificates to provide basic local telecommunications service to new entrants. 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.

Choctaw submitted as Exhibit D to its application certain financial documentation including its balance sheet showing assets and liabilities as of February 28, 1998. Staff had expressed concern about Choctaw's financial viability. Attachment A to the Agreement is a statement from the Chief Financial Officer of VarTec Telecom, Inc., the company which is acquiring Choctaw, which commits VarTec to infuse in excess of \$1.5 million of new capital into Choctaw prior to Choctaw's tariffs becoming effective. Exhibit C to the application lists the names and qualifications of Choctaw's management team. In addition to academic credentials, the team members have experience in various industries. The parties agreed that Choctaw possesses sufficient technical, financial and managerial resources and abilities to provide basic local telecommunications service.

Choctaw has agreed to provide services that will meet the minimum basic local service standards required by the Commission, including quality of service and billing standards. The parties agreed that

Choctaw proposes to offer basic local services that satisfy the minimum standards established by the Commission.

Choctaw wishes to be certificated to offer services in all the exchanges presently served by SWBT as described in its basic local tariffs (see Attachment B to the Agreement). The parties agreed that Choctaw 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.

Choctaw has agreed to offer basic local telecommunications service as a separate and distinct service and 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. 1997.

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. Section 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 Choctaw should be classified as a competitive telecommunications company. The parties have also agreed that Choctaw's switched exchange access services may be classified as a competitive service, conditioned upon certain limitations on Choctaw's ability to charge for its access services. Choctaw 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 LEC within those service areas in which Choctaw seeks to operate. The parties have agreed that the grant of service authority and competitive classification to Choctaw should be expressly conditioned on the continued applicability of Section 392.200, RSMo Supp. 1997, 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. 1997, and 392.230, rather than Sections 392.500 and 392.510.

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. 1997, 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.

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:

- A. The Commission finds that competition in the basic local exchange telecommunications market is in the public interest.
- B. The Commission finds that Choctaw 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.
- C. The Commission finds that Choctaw has demonstrated good cause to support a temporary waiver of the tariff filing requirement and the waiver shall be granted.
- D. The Commission finds that Choctaw 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 Choctaw a certificate of service authority to provide basic local exchange telecommunications services is in the public interest. Choctaw's certificate shall become effective when its tariff becomes effective.
- E. The Commission finds that Choctaw is a competitive company and should be granted waiver of the statutes and rules set out in the ordered paragraph below.

F. The Commission finds that Choctaw's certification and competitive status should be expressly conditioned upon the continued applicability of Section 392.200, RSMo Supp. 1997, 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. 1997, 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. Choctaw has requested certification under Sections 392.420 - .440, and Sections 392.410 and .450, RSMo Supp. 1997 which permit the Commission to grant a certificate of service authority where it is in the public interest. Sections 392.361 and .420 authorize the Commission to modify or suspend the application of its rules and certain statutory provisions for companies classified as competitive or transitionally competitive.

The federal Telecommunications Act of 1996 and Section 392.455, RSMo Supp. 1997, were designed to institute competition in the basic local exchange telecommunications market in order to benefit all telecommunications consumers. See Section 392.185, RSMo Supp. 1997.

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. 1997. Based upon the Commission's review of the applicable law and Stipulation and Agreement of the parties, and upon its findings of fact, the Commission concludes that the Stipulation and Agreement should be approved.

IT IS THEREFORE ORDERED:

1. That the Stipulation and Agreement of the parties, filed on December 7, 1998, is approved.

2. That Choctaw Communications, L.C. d/b/a Smoke Signal Communications is granted a certificate of service authority to provide basic local exchange telecommunications services in the state of Missouri, subject to the conditions of certification set out above and to all applicable statutes and Commission rules except as specified in this order. The certificate of service authority shall become effective when the company's tariff becomes effective.

3. That Choctaw Communications, L.C. d/b/a Smoke Signal Communications is classified as a competitive telecommunications company. Application of 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. 1997 - 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

4. That the request for waiver of 4 CSR 240-2.060(4)(H), which requires the filing of a 45-day tariff, is granted.

5. That Choctaw Communications, L.C. d/b/a Smoke Signal Communications shall file tariff sheets with a minimum 45-day effective date reflecting the rates, rules, regulations and the services it will offer within 30 days after the effective date of a Commission order approving an interconnection agreement that will allow Choctaw to provide services. The tariff shall be filed in Case No. TA-98-561 and shall include a listing of the statutes and Commission rules waived above.

6. That Choctaw Communications, L.C. d/b/a Smoke Signal Communications shall give notice of the filing of the tariffs described above to all parties or participants. In addition, Choctaw Communications, L.C. d/b/a Smoke Signal Communications shall file a written disclosure of all interconnection agreements which affect its Missouri service areas, all portions of Missouri service areas for which

it does not have an interconnection agreement, and an explanation of why no interconnection agreement is necessary for those areas.

7. That Choctaw Communications, L.C. d/b/a Smoke Signal Communications' certification and competitive status are expressly conditioned upon the continued applicability of Section 392.200, RSMo Supp. 1997, and on the requirement that any increases in switched access service rates above the maximum switched access service rates set forth in the agreement must be cost-justified pursuant to Sections 392.220, RSMo Supp. 1997, and 392.230, rather than Sections 392.500 and 392.510.

8. That this order shall become effective on January 5, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray,
Schemenauer, CC., concur.
Drainer, C., absent.

Woodruff, Regulatory Law Judge

FILED

DEC 7 1998

Missouri Public Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Choctaw Communications,)
L.C. d/b/a Smoke Signal Communications for)
a Certificate of Service Authority to Provide)
Basic Local Telecommunications Service and)
to Classify Such Services as Competitive.)

Case No. TA-98-561

STIPULATION AND AGREEMENT

1. Choctaw Communications, L.C. d/b/a Smoke Signal Communications ("Choctaw" or "Applicant") initiated this proceeding on June 18, 1998, by filing an Application requesting a certificate of service authority to provide basic local telecommunications services on a resale basis in exchanges currently served by Southwestern Bell Telephone Company ("SWBT").

2. The Commission has granted the timely application to intervene of SWBT.

3. The parties agree that applications for basic local exchange authority in exchanges served by "large" local exchange companies (LECs)¹ should be processed in a manner similar to that in which applications for interexchange and local exchange authority are currently handled.

4. In determining whether the Applicant's application for a certificate of service authority should be granted, the Commission should consider the Applicant's technical, financial and managerial resources and abilities to provide basic local telecommunications services. The Applicant must demonstrate that the basic local services it proposes to offer satisfy the minimum standards established by the Commission, including but not limited to the Applicant 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 ("ILECs") with

¹ The large LECs are currently SWBT, GTE, and Sprint-United.

which the Applicant seeks to compete. Further, the Applicant agrees to meet the minimum basic local service standards, including quality of service and billing standards, as the Commission requires of the ILECs with which the Applicant seeks to compete. Notwithstanding the provisions of §392.500 RSMo., as a condition of certification and competitive classification, the Applicant agrees 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 ILEC(s) within those service area(s) the Applicant seeks authority to provide service.² The Applicant agrees to offer basic local telecommunications services as a separate and distinct service and must sufficiently identify the geographic service area in which it proposes to offer basic local service. Such area must follow exchange boundaries of the ILEC(s) in the same area and must be no smaller than an exchange. Finally, the Applicant agrees to provide equitable access to affordable telecommunications services, as determined by the Commission, for all Missourians within the geographic area in which it proposes to offer basic local service, regardless of residence or income.³

5. The Applicant has submitted its application with an illustrative tariff and seeks a temporary waiver of 4 CSR 240-2.060(4)(H).⁴ The Applicant agrees to file its initial tariff(s) in the certification docket and to 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

² For the applicant, this places an effective cap at Southwestern Bell's access rates.

³ See §392.455 RSMo.

⁴ Good 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.

the tariff(s) will be provided by the Applicant 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(s), the Applicant shall also file and serve a written disclosure of all resale or interconnection agreements which affect its Missouri service areas and all portions of its Missouri service areas for which it does not have an interconnection agreement with the incumbent local exchange carrier with its explanation of why such an interconnection agreement is unnecessary for such areas.

6. Pursuant to §392.420, RSMo., the Applicant has requested that the Commission waive the application of any or all of the following statutory provisions and rules for basic local telecommunications services, and the parties agree that the Commission should grant such request provided that §392.200, RSMo. should continue to apply to all of the Applicant's services:

STATUTORY PROVISIONS

- §392.210.2
- §392.270
- §392.280
- §392.290.1
- §392.300.2
- §392.310
- §392.320
- §392.330
- §392.340

COMMISSION RULES

- 4 CSR 240-10.020
- 4 CSR 240-30.040
- 4 CSR 240-35

7. In negotiating the remaining provisions of this Stipulation and Agreement the parties have employed the foregoing standards and criteria which are intended to meet the requirements of

existing law and §§392.450 and 392.455, RSMo., regarding applications for certificates of service authority to provide basic local telecommunications services.

The Applicant's Certification

8. Based upon its verified Application, as amended by this Stipulation and Agreement, the Applicant asserts, and no party makes a contrary assertion, that there is sufficient evidence from which the Commission should find and conclude that the Applicant:

- A. possesses sufficient technical and managerial resources and abilities to provide basic local telecommunications services;
- B. proposes and agrees to offer basic local services that will 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 services as a separate and distinct service;
- E. has agreed to provide equitable access to affordable telecommunications services 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; and
- F. has sought authority which will serve the public interest.

To satisfy the Staff's concerns about the Applicant's financial viability, Var-Tec has agreed to infuse \$1.5 million into Choctaw. This agreement has been included as Attachment A to this Stipulation and Agreement. No other party objects to inclusion of this Attachment in the Stipulation and Agreement.

9. The Applicant did not submit a list of the specific exchanges in which its seeks authority to provide service. Applicant seeks authority in those exchanges currently served by SWBT. The parties agree that the Application can be deemed amended by Attachment B to this Stipulation, which includes a list of SWBT exchanges. The Applicant hereby agrees that its original Application

should be deemed further amended as required to include by reference the terms and provisions described in paragraphs 4 through 6 hereinabove and paragraph 11 below to the extent that its original Application might be inconsistent therewith.

10. The Applicant asserts, and no party opposes, that the Applicant's application and request for authority to provide basic local telecommunications service (including exchange access services) should be granted. All services authorized herein should be classified as competitive telecommunications services (provided that the requirements of §392.200, RSMo., continue to apply) and the Applicant shall be classified as a competitive telecommunications company. The Applicant asserts, and no party opposes, that such services will be subject to sufficient competition by the services of the ILECs to justify a lesser degree of regulation for the Applicant's services consistent with the protection of ratepayers and the promotion of the public interest. Such classification should become effective upon the tariffs for the 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:

“The service authority and service classification herein granted are subject to the requirements of §392.200 and are conditional and shall not be exercised until such time as tariffs for services have become effective.”

The parties agree that Applicant's switched exchange access services may be classified as competitive services. The parties further agree that the Applicant's switched exchange access services are subject to §392.200, RSMo. Any increases in switched access service rates above the maximum switched access service rates as set forth in paragraph 4 herein shall be cost-justified and

be made pursuant to §§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 is expressly conditioned on the continued applicability of §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 be made pursuant to §§392.220 and 392.230 and not §§392.500 and 392.510.”

11. The Applicant's request for a temporary 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 the Applicant does not yet have approved resale or interconnection agreements with the large ILECs. The Applicant originally submitted a tariff with a thirty day effective date but that tariff has been withdrawn.

The Applicant 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 45-day proposed effective date, to the Commission for its approval together with the written disclosure as stipulated above. The Applicant 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 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 temporary waiver of 4 CSR 240-2.060(4)(H), substantially as follows:

“The 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 resale or interconnection agreement with the incumbent local exchange carriers 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 45-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 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 area and all portions of its Missouri service areas for which it does not have an interconnection agreement with the incumbent local exchange carrier with its explanation of why such interconnection agreement is unnecessary for any such areas.”

13. 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.

14. 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., 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.; and their respective rights to seek rehearing pursuant to §386.500, RSMo.; and to seek judicial review pursuant to §386.510, RSMo. 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 Applicant's application made herein.

15. 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 such

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

16. Although not a signatory to this Stipulation and Agreement, the Office of the Public Counsel has reviewed the Stipulation and Agreement and does not oppose it.

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 the Applicant, subject to the conditions described above.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 7th day of December, 1998.

Carol Keith By SD

Attachment A to the Stipulation and Agreement

Choctaw Communications, L.L.C.

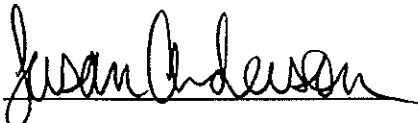
Case No. TA-98-561

I, Gary D. Egger, am Chief Financial Officer for VarTec Telecom, Inc. ("VarTec"). I am authorized to execute this Financing Commitment on behalf of VarTec. Subsequent to VarTec's acquisition of Choctaw Communications, L.L.C. ("Choctaw") and prior to Choctaw's tariffs becoming effective in the State of Missouri, VarTec will infuse in excess of \$1.5 million of new capital into Choctaw. I further represent that VarTec has ample resources to make this infusion.



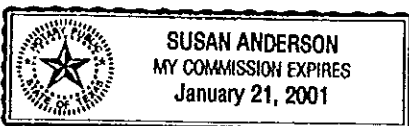
Gary D. Egger
Executive Vice President and
Chief Financial Officer
VarTec Telecom, Inc.

Subscribed and sworn before me this 30th day of November, 1998.



Notary Public

My commission expires:



The information contained in this Attachment is considered to be confidential and proprietary information of VarTec Telecom, Inc.

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

RECEIVED

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 Orange Beach(1) (2) (3) |
| 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 MAR 30 1996
- (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

Attachment B

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 1995

1.3.1 Rate Group A- (Continued) (4)

MISSOURI
Public Service Commission
Trenton(1) (3) (5)
Tuscumbia (1)
(3) (5)
Versailles (1)
(3) (5)
Vienna (2) (5)
Walnut Grove
(2) (5)
Wardell (1) (2) (5)
Ware (1) (3) (5)
Wellsville (2) (5)
Westphalia (2) (5)
Wyatt (1) (2) (5)

- (MT) Rushville (1) (5)
- Montgomery City (1) (2) (5)
- Morehouse (1) (3) (5)
- New Franklin (1) (3) (5)
- New Madrid (1) (2) (5)
- Oak Ridge (1) (3) (5)
- Old Appleton (1) (3) (5)
- Oran (1) (2) (5)
- (MT) Patton (2) (5)
- Paynesville (1) (2) (5)
- Pierce City (1) (2) (5)
- Pocohontas-New Wells (1) (3) (5)
- (MT) 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)

- Ste. Genevieve (1) (2) (5)
- St. Marys (1) (3) (5)
- San Antonio (1) (5)
- Scott City (1) (3) (5)
- Senath (1) (3) (5)
- Slater (2) (5)
- Smithville (1) (3) (5)
- Stanberry (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.

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FEB 20 1996

Issued: JAN 20 1996

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By HORACE WILKINS, JR., President-Missouri
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St. Louis, Missouri

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

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LOCAL EXCHANGE TARIFF

FEB 29 1996

1.3 EXCHANGES BY RATE GROUP

1.3.1 Rate Group A(4)

Adrian(1)(2)(5)
Advance(1)(2)(5)
Agency(1)(5)
Altenburg-Frohna
(1)(2)(5)
Antonia(1)(3)(5)
Archie(1)(2)(5)
Argyle(2)(5)
Armstrong(1)(2)(5)
Ash Grove(2)(5)
Beaufort(2)(5)
Bell City(1)(2)(5)
Benton(1)(3)(5)
Billings(1)(2)(5)
Bismarck(1)(3)(5)
Bloomfield(1)(3)(5)
Bloomsdale(1)(2)(5)
Bonne Terre(1)(3)(5)
Boonville(1)(2)(5)
Bowling Green(2)(5)
Brookfield(2)(5)
Campbell(2)(5)
Cardwell(1)(2)(5)
Carl Junction(1)(3)(5)

Carrollton(2)(3)(5)
Caruthersville(1)(3)(5)
Center(2)(5)
Chaffee(1)(3)(5)
Charleston(1)(3)(5)
Clarksville(1)(2)(5)
Clever(1)(3)(5)
(CP) Climax Springs(2)(5)
Deering(1)(3)(5)
DeKalb(1)(5)
Delta(1)(2)(5)
Downing(2)(5)
East Prairie(1)(5)
Edina(2)(5)
Elsberry(1)(2)(5)
Essex(1)(3)(5)
Eureka(1)(5)
(CP) Farley(2)(5)
Fayette(1)(2)(5)
Fisk(1)(3)(5)
Frankford(2)(5)
(CP) Fredericktown(2)(5)
Freeburg(2)(5)
Gideon(1)(2)(5)
Glasgow(1)(3)(5)

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Grain Valley
(1)(3)(5)
Gray Summit(1)(3)(5)
(CP) Greenwood(1)(3)(5)
Hayti(1)(3)(5)
Herculaneum-Pevely
(1)(3)(5)
Higbee(1)(3)(5)
Hillsboro(1)(3)(5)
Holcomb(1)(3)(5)
Horneraville
(1)(2)(5)
Jasper(2)(5)
Knob Noster(2)(5)
Lamar(2)(5)
LaMonte(2)(5)
Lancaster(2)(5)
Leadwood(1)(3)(5)
Lilbourn(1)(2)(5)
(CP) Linn(2)(5)
Lockwood(2)(5)
Louisiana(1)(2)(5)
Macks Creek(2)(5)
Malden(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.

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By HORACE WILKINS, JR., President-Missouri
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St. Louis, Missouri

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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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MISSOURI

Public Service Commission

1.3 EXCHANGES BY RATE GROUP (Continued)

1.3.4 Rate Group D(1)

Kansas City Metropolitan Exchange

St. Louis Metropolitan Exchange

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)
(CP) Tiffany Springs(2)

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

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

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

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

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

(FC) 1.3.3 Rate Group C(2)

Springfield Metropolitan Exchange

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)

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

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JAN 11 1995

Issued: DEC 12 1994

Effective: JAN 11 1995
MISSOURI Public Service Commission

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

Service List for Case No. TA-98-561
Revised: December 7, 1998

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