

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

In the Matter of the Determination of the Weighted,   )  
Statewide Average Rate of Nonwireless Basic   )   Case No. TO-2006-0084  
Local Telecommunications Services                            )

**STAFF REPORT FOR 2007**

**COMES NOW** the Staff of the Missouri Public Service Commission and for its report states:

1. Section 392.245.13 RSMo (Cum. Supp. 2006) provides:

13. Prior to January 1, 2006, the commission shall determine the weighted, statewide average rate of nonwireless basic local telecommunications services as of August 28, 2005. The commission shall likewise determine the weighted, statewide average rate of nonwireless basic local telecommunications services two years and five years after August 28, 2005. The commission shall report its findings to the general assembly by January 30, 2008, and provide a second study by January 30, 2011. If the commission finds that the weighted, statewide average rate of nonwireless basic local telecommunications service in 2008 or 2011 is greater than the weighted, statewide average rate of nonwireless basic local telecommunications service in 2006 multiplied by one plus the percentage increase in the Consumer Price Index for all goods and services for the study periods, the commission shall recommend to the general assembly such changes in state law as the commission deems appropriate to achieves the purposes set forth in section 392.185. In determining the weighted, statewide average rate of nonwireless basic local telecommunications services, the commission shall exclude rate increases to nonwireless basic telecommunications service permitted under subsections 8 and 9 of this section and section 392.240 or exogenous costs incurred by the providers of nonwireless basic local telecommunications service.

2. In an Order issued December 29, 2005, the Commission determined the statewide average rates to be \$11.62 for residential customers, \$27.91 for business customers and \$13.77 overall, as of August 28, 2005.

3. In the attached verified Memorandum, the Staff calculates the statewide average rates to be \$11.49 for residential customers, \$29.77 for business customers and \$14.66 overall, as of August 28, 2007. The overall percentage increase of 6.47% exceeds the 5.86% increase in the

CPI from August 2005 to August 2007. The Staff is not recommending any changes in state law because most of the overall increase can be accounted for by the decline in residential lines and the increase in business lines.

**WHEREFORE**, the Staff requests the Commission to adopt the Staff's calculations in the Commission's determination of the statewide average rates as of August 28, 2007.

Respectfully submitted,

/s/ William K. Haas

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 19<sup>th</sup> day of December 2007.

/s/ William K. Haas

## **Memorandum**

To: Official Case File  
Case No. TO-2006-0084

From: Walt Cecil  
Telecommunications Department

Date: December 18, 2007

Subject: Statutory requirement to determine statewide rate

### **Executive Summary**

Section 392.245.13 RSMo required the Missouri Public Service Commission (MoPSC) to determine the weighted, statewide average rate of nonwireless basic local telecommunications services as of August 28, 2005. The MoPSC is also required to determine this same rate two years later and report its findings to the general assembly by January 30, 2008. If the rate comparison is greater than one plus the percentage increase in the Consumer Price Index (CPI) for all goods and services for this study period then the MoPSC should recommend to the general assembly such changes in state law as the MoPSC deems appropriate to achieve the purposes set forth in Section 392.185.

The percentage increase in the CPI from August 2005 through August 2007 was +5.86%. The weighted statewide average rate of nonwireless basic local telecommunications services for August 28, 2005 and August 28, 2007 was \$13.77 and \$14.66, respectively, for an overall percentage increase of 6.47%. This percentage increase is primarily due to a decline in residential local service lines and an increase in business local service lines. This line shift and the fact business rates are typically higher than residential rates causes the overall combined residential and business statewide rate to increase.

Statewide average rates for nonwireless residential basic local telecommunications services actually declined from \$11.62 in 2005 to \$11.49 in 2007 for a percentage change of -1.08%. Statewide average rates for nonwireless business basic local telecommunications increased from \$27.91 in 2005 to \$29.77 in 2007 for a percentage change of +6.66%. The change in the business result is more than the change in the CPI of +5.86%.

Despite the increase in statewide average business rates, as more fully explained below, Staff is not recommending any changes in state law based on these percentages.

### **Background**

Pursuant to Section 392.245.13, the MoPSC is required to determine the weighted statewide average rate of nonwireless basic local telecommunications services. The rate

calculation is expected to take place three times over a six year time period. The initial rate calculation was based on rates in effect as of August 28, 2005. The MoPSC is required to recalculate the rate again based on rates in effect as of August 28, 2007. Four years from now, the MoPSC will again be required to recalculate the rate based on rates in effect as of August 28, 2011. Each time the MoPSC recalculates the weighted statewide average rate of nonwireless basic local telecommunications services, after excluding certain allowed increases pursuant to Section 392.245.13, the MoPSC is required to compare the change in rate to the CPI. If the percentage change between the two rates exceeds the percentage change in the Consumer Price Index (CPI) for the period, the MoPSC is to advise the legislature and to suggest corrective remedies.

## **Procedure**

The weighted statewide average rate of nonwireless basic local telecommunications services attempts to calculate the average rate all companies charge for basic local telecommunications service. In simple terms the weighted statewide average rate is calculated by summing applicable residential and business local service revenues received by all companies and then dividing by the sum of all companies' qualifying reported local service lines. Local service revenues were derived from line quantities and applicable local service rates. A qualifying line provides local voice service and excludes lines providing broadband or Digital Subscriber Line (DSL) service. For higher capacity lines, a qualifying line is based on the number of voice grade channels.

Staff requested all companies providing local voice service to submit qualifying line quantity and applicable local service rates as of August 28, 2007. Appendix A is the form companies were requested to complete. Appendix B is the instructions for completing this form. A total of 43 incumbent local exchange carriers (ILECs)<sup>1</sup> and 96 competitive local exchange carriers (CLECs) were contacted. Responses were received from 43 ILECs and 88 CLECs. Of the total responders, 44 companies responded that they are not providing local voice service and are listed in Appendix C. Individual ILEC and CLEC weighted average rates are listed in Appendices D and E, respectively. As a result, the statewide average rate calculations are based on information supplied by 43 ILECs and 44 CLECs.

Companies were specifically instructed to identify the applicable residential and business rates for single-line basic local telecommunications service on an exchange-specific basis. Likewise companies were instructed to identify any mandatory rate plan applied to all customers within the exchange, such as any applicable extended area service rates. In addition, a company was instructed to provide the number of applicable qualified residential versus qualified business lines within the exchange for local

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<sup>1</sup> There were 43 distinct ILEC contacts and responses this year. However, in 2005, data for CenturyTel of Missouri and CenturyTel of Northwest Arkansas were combined. To be consistent and in order to draw comparisons for the two CenturyTel entities, CenturyTel data were combined this year. Consequently, the number of ILECs tallied in the Analysis section below will reflect 42 ILECs even though there are actually 43.

telecommunications service. This information was requested for both stand-alone single lines where a customer solely subscribes to basic local telecommunications service and bundled single lines where a customer may subscribe to basic local service as part of a package of services. A company's applicable stand-alone and bundled residential lines for an exchange are summed and multiplied by the applicable local and EAS rates in order to calculate the company's residential local service revenue for that exchange. Similar calculations are performed for the company's business customers to quantify the company's business local service revenue for that exchange. Applicable local service revenues were then summed for all company exchanges and divided by the sum of all applicable lines to generate a statewide average rate.

Pursuant to Section 392.245.13, RSMo, rate increases stemming from Sections 392.240, .392.245.8, and 392.245.9, RSMo, or exogenous costs are to be excluded from the MoPSC's determination of the Statewide Weighted Average Basic Local Rate. There were no such increases.

## Results

The Consumer Price Index for all goods and services for August 2005 was 196.4 while the index for August 2007 was 207.9. These CPI factors generate a CPI of 5.86% during the study period. The 2007 statewide average rate for nonwireless basic local telecommunications services in comparison with corresponding rates calculated as of August 28, 2005 are as follows:

<b>CLEC &amp; ILEC</b>	<b>2005</b>	<b>2007</b>	<b>% Change</b>
<b>Residential</b>	\$11.62	\$11.49	-1.08%
<b>Business</b>	\$27.91	\$29.77	+6.66%
<b>Overall</b>	<b>\$13.77</b>	<b>\$14.66</b>	<b>+6.47%</b>

This information can be further broken down based in incumbent versus competitive local exchange companies:

<b>ILEC</b>	<b>2005</b>	<b>2007</b>	<b>% Change</b>
<b>Residential</b>	\$10.56	\$11.18	5.85%
<b>Business</b>	\$26.63	\$29.16	9.49%
<b>Overall</b>	<b>\$12.45</b>	<b>\$13.94</b>	<b>+11.98%</b>

<b>CLEC</b>	<b>2005</b>	<b>2007</b>	<b>% Change</b>
<b>Residential</b>	\$22.37	\$15.13	-32.39%
<b>Business</b>	\$33.00	\$32.17	-2.52%
<b>Overall</b>	<b>\$25.05</b>	<b>\$21.03</b>	<b>-16.06%</b>

## Analysis

On an overall basis the residential and business statewide average rate for nonwireless basic local telecommunications service increased from \$13.77 to \$14.66 for

a percentage change of 6.47% for the 2005 to 2007 time period. Although this percentage change is higher than the percentage change of the CPI, the change in access line quantities from 2005 and 2007 appears to have had a greater impact on the overall statewide average rate than the change in applicable local rates. Even though the percentage change of 6.47% is greater than the CPI during this time period, most of the increase can be accounted for by the decline in residential lines and increase in business lines.

Total residential and business access lines for all companies declined from 2,554,993 lines in 2005 to 2,395,083 in 2007 for a percentage change of -6.26%. Residential lines declined from 2,218,543 in 2005 to 1,980,060 in 2007 for a percentage change of -10.75%. In contrast, business lines increased from 336,450 in 2005 to 415,023 in 2007 for a percentage change of +23.35%. The percentage change in line quantities can significantly vary between companies. For example, the percentage change of line quantities from 2005 to 2007 varies as follows: ILEC residential lines (-.54% to -18.03%), ILEC business lines (-81.02% to +223.4%), CLEC residential lines (-100% to 73.24%), and CLEC business lines (-93.05 to 580%). The percentage of residential versus business lines was approximately 87% and 13%, respectively for August 2005. For August 2007 these percentages were approximately 83% residential and 17% business. This shift translates into the combined residential and business statewide average rate calculation to be weighted more heavily by the higher business local service rates in 2007. Listed below is how the combined residential and business statewide average rate is calculated using these percentages.

	<b>2005 Average Rates</b>	<b>2005 % of lines</b>	<b>Weighted rate</b>
Residential	\$11.62	86.83167%	\$10.09
Business	\$27.91	13.16833%	\$3.68
<b>2005 Combined Residential &amp; Business Average Rate</b>			<b>\$13.77</b>

	<b>2007 Average Rates</b>	<b>2007 % of lines</b>	<b>Weighted rate</b>
Residential	\$11.49	82.67187%	\$9.50
Business	\$29.77	17.32813%	\$5.16
<b>2007 Combined Residential &amp; Business Average Rate</b>			<b>\$14.66</b>

However, if the respective 2007 residential and business average rates are weighted according to the 2005 percentage of lines then the combined rate is only \$13.90, as shown below:

	<b>2007 Average Rates</b>	<b>2005 % of lines</b>	<b>Weighted rate</b>
Residential	\$11.49	86.83167%	\$9.98
Business	\$29.77	13.16833%	\$3.92
<b>Adjusted 2007 Combined Residential &amp; Business Average Rate</b>			<b>\$13.90</b>

This result shows the adjusted 2007 combined statewide average residential and business rate of \$13.90 is nearly equal to the 2005 rate of \$13.77. Therefore most of the

increase for this rate can be attributed to the declining residential lines and the increasing business lines.

On a company-specific basis the combined residential and business statewide weighted average rate will change even if the company's rates remain unchanged. Such changes will occur as a company's percentage of lines shift between residential and business customers. Nevertheless this rate remained less than the CPI for 38 ILECs and 27 CLECs.

The statewide average rate for business services was \$27.91 in 2005 and \$29.77 for 2007 generating a percentage increase of 6.66%. This change exceeds the change in the CPI by 0.80%. The increase in the statewide average rate for business services may partially be explained by the movement of customers to carriers with higher rates. It should also be pointed out the mechanics of calculating this rate may not actually reflect the rates charged to customers. For example, the mechanics of calculating this rate assume customers subscribing to a bundle of telecommunications services will pay the same local service rates as customers solely subscribing to local voice service. In reality, customers subscribing to a bundle of telecommunications services will usually receive some form of discounted rate. The data submitted by companies suggest a significant proportion of customers subscribe to bundles of telecommunications services. Consequently, the statewide average rate for business services may be overstated. Therefore, although the statewide average rate for business services exceeds the CPI, the significance of this comparison does not warrant any recommendations at this time.

The statewide average rate for residential services was \$11.62 in 2005 and \$11.49 in 2007 generating a percentage decrease of -1.08%. This result does not warrant any recommendations.

## **Summary**

The CPI from August 2005 to August 2007 is +5.86%. The 2007 statewide average rates were not found to be significantly above the change in the CPI. The combined residential and business statewide average rate was \$14.66 for 2007 versus \$13.77 for 2005, resulting in a percentage increase of 6.47%. The residential statewide average rate was \$11.49 for 2007 versus \$11.62 for 2005 resulting in a percentage decline of -1.08%. The business statewide average rate was \$29.77 for 2007 versus \$27.91 for 2005 resulting in a percentage increase of +6.66%. None of these results suggest a need for legislative changes at this time.

## **Attachments:**

- Appendix A: The form companies were requested to compile.
- Appendix B: The instructions for completing the form.
- Appendix C: Responding companies indicating they do not provide qualifying service.
- Appendix D: Statewide average rates for ILECs
- Appendix E: Statewide average rates for CLECs.

## Appendix A

<b>Company Name:</b>	
<b>Contact Person:</b>	
<b>Contact Person E-mail:</b>	
<b>Contact Person Phone:</b>	
<b>Year:</b>	<b>2007</b>

[illegible]



### Instructions for completing the Statewide Average Rate Data Collection Worksheet

The worksheet is available on the Commission's website in Excel. Please download and save the worksheet to your computer before attempting to complete it. When you have completed the worksheet, please electronically forward it to [walter.cecil@psc.mo.gov](mailto:walter.cecil@psc.mo.gov) by September 28, 2007 or as otherwise directed by the Commission. If you have any questions, please call (573) 751.7527 or use the above e-mail address.

Please provide your company name and contact information in the spaces provided on the accompanying spreadsheet (Cells B1-B4).

**The following information should be provided on an exchange-specific basis for August 28, 2007:**

- 1. Exchange Name:** Please indicate the exchange name in the space provided.
- 2. Single-Lines:** Single-line refers to single-line basic local telecommunications service. Quantities requested for single-line basic local telecommunications service should not include multi-line services such as PBX trunk service, Centrex services or other multi-line services provided to a customer.
  - a.) Stand-Alone Single-Lines:** Quantify the number of respective residential and business customers subscribing to single-line basic local telecommunications service on a stand-alone basis.
  - b.) Bundled Single-Lines:** Quantify the number of respective residential and business customers subscribing to single-line basic local telecommunications service as a bundled or packaged service. A bundled or packaged service refers to a service where basic local telecommunications service is combined with one or more other telecommunications services and/or non telecommunications services. **Note: If your company does not distinguish bundled single lines versus stand-alone single lines simply identify total single-lines in the "stand-alone" column.**
- 3. Local Rate:** Identify the applicable single-line basic local telecommunications service rate applied to respective single-line residential and single-line business customers in the exchange.
- 4. EAS or other Mandatory Plan Rate:** Identify the applicable rate applied to all respective residential and business customers in the exchange for any mandatory expanded calling arrangements such as Extended Area Service where all customers are assessed an additional monthly charge for the service. Do not include rate information for any optional expanded calling services.

## Appendix C

### Responding Companies Indicating No Qualifying Lines or Not Providing Service

360networks (USA), Inc.	Level 3 Communications, L.L.C
Access One, Inc.	Metro Communications Company
Advanced Integrated Technologies, Inc.	Missouri Network Alliance, L.L.C.
Aero Communications, L.L.C.	Network PTS, Inc.
Airespring, Inc.	Neutral Tandem-Missouri, L.L.C.
BellSouth Long Distance, Inc. d/b/a AT&T Long Distance	North County Communications Corporation
Broadwing Communications, L.L.C.	Pacific Centrex Services, Inc.
Business Productivity Solutions, Inc.	PAETEC Communications, Inc.
CAT Communications International, Inc	Pelzer Communications Corporation
Cbeyond Communications, L.L.C.	PNG Telecommunications, Inc. dba Power Net Global Comm.)
Central Missouri Telecommunications Inc.	QuantumShift Communications, Inc.
Norlight Communications, Inc. (f/k/a Cinergy Comm.)	Qwest Communications Corporation
CommPartners, L.L.C.	Reliant Communications, Inc.
COMTECH21, L.L.C.	Rystec, Inc.
Cox Missouri Telecom, L.L.C	Sho-Me Technologies, L.L.C.
Fidelity Cablevision, Inc.	Socket Telecom, L.L.C
Fidelity Communications Services III, Inc.	TelCentrex
Globetel, Inc	TouchTone Connections, Inc
Infotelecom, L.L.C.	Trans National Communications International, Inc.
Inter-Tel NetSolutions, Inc.	UCN, Inc.
Kentucky Data Link	VCI Company
KMC Data L.L.C.	YMax Communications Corporation

**Calculation of 2007 and Comparison with 2005 Statewide Weighted Average  
Basic Local Telephone Services Rate:  
Changes in ILEC Rates**

Appendix D

Incumbent Local Exchange Carrier Company Name	Company Statewide Residential Weighted Average Rate		Percentage Change in Statewide Residential Weighted Average Rate	Company Statewide Business Weighted Average Rate		Percentage Change in Statewide Business Weighted Average Rate	Statewide Overall Weighted Average Rate		Percentage Change in Statewide Combined Weighted Average Rate
	2005	2007		2005	2007		2005	2007	
Alma Telephone Company	\$ 6.50	\$ 6.50	0.00%	\$ 10.25	\$ 10.25	0.00%	\$ 6.81	\$ 7.17	5.18%
BPS Telephone Company	\$ 6.94	\$ 6.94	0.00%	\$ 13.91	\$ 13.96	0.32%	\$ 7.35	\$ 7.35	0.03%
CenturyTel of Missouri, LLC & CenturyTel of NW Ark.	\$ 11.38	\$ 11.11	-2.41%	\$ 19.24	\$ 18.82	-2.19%	\$ 11.80	\$ 11.53	-2.34%
Chariton Valley Telephone Corporation	\$ 12.00	\$ 12.00	0.00%	\$ 12.00	\$ 12.00	0.00%	\$ 12.00	\$ 12.00	0.00%
Choctaw Telephone Company	\$ 9.90	\$ 9.90	0.00%	\$ 12.40	\$ 12.40	0.00%	\$ 10.19	\$ 10.15	-0.40%
Citizens Telephone Company of Higginsville, Missouri	\$ 8.25	\$ 8.25	0.00%	\$ 14.00	\$ 14.00	0.00%	\$ 9.94	\$ 9.95	0.15%
Craw-Kan Telephone Cooperative, Inc.	\$ 5.24	\$ 5.24	-0.10%	\$ 8.07	\$ 8.03	-0.53%	\$ 5.56	\$ 5.55	-0.13%
Ellington Telephone Company	\$ 5.70	\$ 5.70	0.00%	\$ 9.50	\$ 9.50	0.00%	\$ 6.38	\$ 6.42	0.59%
Embarq Missouri, Inc.	\$ 14.52	\$ 14.18	-2.29%	\$ 22.25	\$ 21.90	-1.56%	\$ 15.99	\$ 15.76	-1.47%
Fairpoint Communications Missouri, Inc	\$ 6.84	\$ 6.96	1.77%	\$ 13.72	\$ 13.73	0.05%	\$ 7.29	\$ 7.86	7.78%
Farber Telephone Company	\$ 6.50	\$ 6.50	0.00%	\$ 11.00	\$ 11.00	0.00%	\$ 7.32	\$ 7.41	1.28%
Fidelity Telephone Company	\$ 10.25	\$ 10.25	0.00%	\$ 19.95	\$ 19.95	0.00%	\$ 12.51	\$ 12.62	0.91%
Goodman Telephone Company	\$ 7.60	\$ 7.60	0.00%	\$ 12.65	\$ 12.65	0.00%	\$ 8.29	\$ 8.00	-3.54%
Granby Telephone Company	\$ 6.60	\$ 6.60	0.00%	\$ 8.85	\$ 8.85	0.00%	\$ 6.77	\$ 6.96	2.83%
Grand River Mutual Telephone Corporation	\$ 8.24	\$ 8.24	0.01%	\$ 14.18	\$ 14.18	0.02%	\$ 9.15	\$ 9.19	0.35%
Green Hills Telephone Corporation	\$ 13.00	\$ 13.00	0.00%	\$ 16.00	\$ 16.00	0.00%	\$ 13.29	\$ 13.30	0.09%
Holway Telephone Company	\$ 13.00	\$ 13.00	0.00%	\$ 25.00	\$ 25.00	0.00%	\$ 14.21	\$ 14.27	0.40%
IAMO Telephone Company	\$ 8.00	\$ 8.00	0.00%	\$ 10.00	\$ 10.00	0.00%	\$ 8.22	\$ 8.09	-1.49%
Iowa Telecommunications Services, Inc.	\$ 16.73	\$ 21.54	28.76%	\$ 32.60	\$ 41.70	27.94%	\$ 18.91	\$ 24.98	32.11%
Kingdom Telephone Company	\$ 10.32	\$ 10.34	0.20%	\$ 12.31	\$ 12.32	0.05%	\$ 10.64	\$ 10.66	0.16%
KLM Telephone Company	\$ 7.25	\$ 7.25	0.00%	\$ 12.75	\$ 12.75	0.00%	\$ 8.16	\$ 8.26	1.24%
Lathrop Telephone Company	\$ 7.15	\$ 7.15	0.00%	\$ 10.15	\$ 10.15	0.00%	\$ 7.53	\$ 7.49	-0.46%
Le-Ru Telephone Company	\$ 10.50	\$ 10.50	0.00%	\$ 17.00	\$ 17.00	0.00%	\$ 10.70	\$ 11.10	3.78%
Mark Twain Rural Telephone Company	\$ 9.00	\$ 9.00	0.00%	\$ 10.25	\$ 10.25	0.00%	\$ 9.06	\$ 9.06	0.03%
McDonald County Telephone Company	\$ 5.75	\$ 5.75	0.00%	\$ 8.75	\$ 8.75	0.00%	\$ 6.61	\$ 6.12	-7.33%
Mid-Missouri Telephone Company	\$ 8.00	\$ 8.00	0.00%	\$ 12.85	\$ 12.85	0.00%	\$ 8.27	\$ 8.62	4.22%
Miller Telephone Company	\$ 9.00	\$ 9.00	0.00%	\$ 14.00	\$ 14.00	0.00%	\$ 9.88	\$ 9.39	-4.98%
MoKan Dial, Inc.	\$ 5.90	\$ 5.90	0.00%	\$ 9.15	\$ 9.15	0.00%	\$ 6.29	\$ 6.26	-0.51%
New Florence Telephone	\$ 4.50	\$ 5.75	27.78%	\$ 6.00	\$ 7.75	29.17%	\$ 5.00	\$ 6.46	29.14%
New London Telephone Company	\$ 12.30	\$ 12.30	0.00%	\$ 22.10	\$ 22.10	0.00%	\$ 14.64	\$ 14.21	-2.94%
Northeast Missouri Rural Telephone Company	\$ 10.04	\$ 10.04	0.00%	\$ 15.04	\$ 15.04	-0.02%	\$ 11.20	\$ 10.33	-7.76%
Orchard Farm Telephone Company	\$ 12.25	\$ 13.25	8.16%	\$ 24.40	\$ 25.40	4.10%	\$ 15.94	\$ 15.19	-4.71%
Oregon Farmers Mutual Telephone	\$ 8.00	\$ 8.00	0.00%	\$ 12.00	\$ 12.00	0.00%	\$ 8.65	\$ 8.50	-1.74%
Ozark Telephone Company	\$ 6.50	\$ 6.50	0.00%	\$ 13.00	\$ 13.00	0.00%	\$ 7.85	\$ 7.15	-8.92%
Peace Valley Telephone Company, Inc.	\$ 4.50	\$ 4.50	0.00%	\$ 5.50	\$ 5.50	0.00%	\$ 4.61	\$ 4.55	-1.33%
Rock Port Telephone Company	\$ 5.40	\$ 5.40	0.00%	\$ 7.90	\$ 7.90	0.00%	\$ 6.23	\$ 6.49	4.09%
Southwestern Bell Telephone, L.P. dba AT&T Mo.	\$ 10.34	\$ 11.34	9.65%	\$ 29.99	\$ 32.12	7.07%	\$ 12.69	\$ 14.88	17.25%
Seneca Telephone Company	\$ 8.10	\$ 8.10	0.00%	\$ 11.80	\$ 11.80	0.00%	\$ 8.74	\$ 8.37	-4.18%

**Calculation of 2007 and Comparison with 2005 Statewide Weighted Average  
Basic Local Telephone Services Rate:  
Changes in ILEC Rates**

Appendix D

Incumbent Local Exchange Carrier Company Name	Company Statewide Residential Weighted Average Rate		Percentage Change in Statewide Residential Weighted Average Rate	Company Statewide Business Weighted Average Rate		Percentage Change in Statewide Business Weighted Average Rate	Statewide Overall Weighted Average Rate		Percentage Change in Statewide Combined Weighted Average Rate
	2005	2007		2005	2007		2005	2007	
Spectra Communications Group, LLC	\$ 8.99	\$ 8.77	-2.41%	\$ 16.00	\$ 15.63	-2.30%	\$ 9.37	\$ 9.14	-2.46%
Steeleville Telephone Exchange, Inc.	\$ 8.95	\$ 8.95	0.00%	\$ 14.45	\$ 14.45	0.00%	\$ 10.37	\$ 10.40	0.31%
Stoutland Telephone Company	\$ 8.75	\$ 8.75	0.00%	\$ 13.25	\$ 13.25	0.00%	\$ 9.34	\$ 9.24	-1.00%
Windstream Missouri, Inc.	\$ 8.23	\$ 8.25	0.15%	\$ 14.77	\$ 14.79	0.11%	\$ 9.10	\$ 9.17	0.82%
<b>Median Percentage Change in Weighted Average Rates:</b>			<b>0.00%</b>				<b>0.00%</b>		<b>0.03%</b>

**Notes**

The overall statewide weighted average basic local rate was determined by summing all reporting companies' calculated statewide residential and business revenues and dividing that sum by the statewide sum of all companies' reported residential and business line counts. Companies' business and residential revenues were calculated by exchange, thereby allowing for the impact of unique mandatory charges applied to individual exchanges. The statewide weighted average basic local rates for business and residential basic local services were calculated using the same methodology except that business revenues and line counts were used for the statewide business weighted average basic local rate calculation and residential revenues and line counts were used for the statewide residential weighted average basic local rate calculation. Statewide weighted average basic local rates were calculated on an overall statewide combined (incumbent local exchange carrier (ILEC) and competitive local exchange carrier (CLEC)) basis, on an all-ILEC only basis, on an all-CLEC only basis and for each company, individually.

Disclaimer: Several companies provided data one or more months late and failed to indicate the date for which the data was drawn. The Statewide Weighted Average Basic Local rates were calculated based on rates and line counts provided by the companies and when necessary to supplement incomplete responses, tariffed rates.

**Calculation of 2007 and Comparison with 2005 Statewide Weighted Average  
Basic Local Telephone Services Rate**

Appendix E

Competitive Local Exchange Carrier (Reporting Lines)	Company Statewide Residential Weighted Average Rate		Percentage Change in Statewide Residential Weighted Average Rate	Company Statewide Business Weighted Average Rate		Percentage Change in Statewide Business Weighted Average Rate	Statewide Overall Weighted Average Rate		Percentage Change in Statewide Combined Weighted Average Rate
	2005	2007		2005	2007		2005	2007	
1-800-RECONEX, Inc.	\$ 49.06	\$ 49.52	0.93%	\$ -	\$ -		\$ 49.06	\$ 49.52	0.93%
Accutel of Texas, Inc.	\$ 39.99	\$ 34.57	-13.55%	\$ -	\$ -		\$ 39.99	\$ 34.57	-13.55%
ACN Communication Services, Inc.	\$ 23.99	\$ 23.99	0.00%	\$ -	\$ -		\$ 23.99	\$ 23.99	0.00%
Budget Prepay, Inc.	\$ 31.90	\$ 59.95	87.94%	\$ -	\$ -		\$ 31.90	\$ 59.95	87.94%
Camarato Distributing, Inc. dba Nex-Phon	\$ 47.00	\$ 49.95	6.28%	\$ -	\$ -		\$ 47.00	\$ 49.95	6.28%
Comtel Telcom Assets L.P. d/b/a Excel Telecommunications Inc.	\$ 30.00	\$ 30.00	0.00%	\$ -	\$ -		\$ 30.00	\$ 30.00	0.00%
Comtel Telcom Assets LP d/b/a VarTec Solutions, Inc.	\$ 34.95	\$ 34.95	0.00%	\$ -	\$ -		\$ 34.95	\$ 34.95	0.00%
dpi Teleconnect, L.L.C.	\$ 30.31	\$ 48.51	60.05%	\$ -	\$ -		\$ 30.31	\$ 48.51	60.05%
Global Connection Inc. of America	\$ -	\$ 50.32	**	\$ -	\$ -		\$ -	\$ 50.32	**
Nexus Communications Inc., dba TSI	\$ 34.95	\$ 39.95	14.31%	\$ -	\$ -		\$ 34.95	\$ 39.95	14.31%
Now Communications, Inc. dba Cleartel Communications	\$ 39.99	\$ 49.95	24.91%	\$ -	\$ -		\$ 39.99	\$ 49.95	24.91%
Phone Connection, Inc. dba Affordable Phone	\$ 39.95	\$ 39.95	0.00%	\$ -	\$ -		\$ 39.95	\$ 39.95	0.00%
Talk America Inc. d/b/a Cavalier Telephone	\$ 9.90	\$ 9.56	-3.39%	\$ -	\$ -		\$ 9.90	\$ 9.56	-3.39%
Tele-Reconnect Inc.	\$ 39.99	\$ 39.95	-0.10%	\$ -	\$ -		\$ 39.99	\$ 39.95	-0.10%
Universal Telecom, Inc.	\$ 49.00	\$ 49.00	0.00%	\$ -	\$ -		\$ 49.00	\$ 49.00	0.00%
AT&T Communications of the Southwest, Inc.	\$ 23.55	\$ 21.46	-8.88%	\$ 37.95	\$ 41.17	0.08	\$ 24.56	\$ 40.30	64.06%
Big River Telephine Company, Inc.	\$ 32.15	\$ 27.29	-15.13%	\$ 39.89	\$ 24.80	-0.38	\$ 37.41	\$ 26.15	-30.09%
Birch Telecom of Missouri, Inc.	\$ 14.03	\$ 14.60	4.08%	\$ 32.68	\$ 32.07	-0.02	\$ 28.81	\$ 30.77	6.77%
Chariton Valley Telecom Corporation (CLEC)	\$ 7.50	\$ 7.50	0.00%	\$ 15.00	\$ 15.00	0.00	\$ 9.69	\$ 7.87	-18.78%
Charter Fiberlink-Missouri, LLC	\$ 9.00	\$ 9.00	0.00%	\$ -	\$ 33.25	**	\$ 9.00	\$ 9.14	1.53%
Everest Midwest Licensee, L.L.C.	\$ 12.75	\$ 12.75	0.00%	\$ 31.95	\$ 31.95	0.00	\$ 14.36	\$ 18.15	26.41%
ExOp Missouri, Inc. dba Unite	\$ 23.95	\$ 23.95	0.00%	\$ 49.60	\$ 45.95	-0.07	\$ 31.01	\$ 30.47	-1.73%
Fidelity Communications Services I, Inc.	\$ 16.50	\$ 16.46	-0.22%	\$ 26.00	\$ 25.84	-0.01	\$ 19.67	\$ 19.79	0.63%
Green Hills Telecommunications Services	\$ 6.50	\$ 6.50	0.00%	\$ 13.00	\$ 13.00	0.00	\$ 7.72	\$ 7.86	1.75%
Ionex Communications, Inc.	\$ 11.99	\$ 23.67	97.40%	\$ 33.58	\$ 33.58	0.00	\$ 33.46	\$ 33.56	0.30%
Mark Twain Communications Company	\$ 6.25	\$ 6.25	0.00%	\$ 12.75	\$ 12.75	0.00	\$ 6.73	\$ 6.69	-0.68%
MCI Communications Services, Inc. dba Verizon Business Services	\$ 20.61	\$ 30.81	49.53%	\$ 20.31	\$ 33.99	0.67	\$ 20.55	\$ 31.47	53.12%
McLeodUSA Telecommunications Services, Inc.	\$ 24.91	\$ 33.46	34.33%	\$ 33.21	\$ 31.78	-0.04	\$ 32.36	\$ 31.86	-1.55%
Missouri Telecom, Inc.	\$ 17.95	\$ 17.95	0.00%	\$ 19.95	\$ 19.95	0.00	\$ 18.37	\$ 18.52	0.82%
Navigator Telecommunications, L.L.C.	\$ 10.03	\$ 11.10	10.66%	\$ 26.94	\$ 30.12	0.12	\$ 21.28	\$ 28.03	31.68%
Sage Telecom, Inc.	\$ 26.93	\$ 25.00	-7.16%	\$ 31.15	\$ 29.00	-0.07	\$ 27.02	\$ 25.08	-7.16%
YourTel America, Inc.	\$ 29.95	\$ 29.95	0.00%	\$ -	\$ 39.95	**	\$ 29.95	\$ 30.02	0.22%
BullsEye Telecom, Inc.	\$ -	\$ -		\$ 32.14	\$ 25.40	-0.21	\$ 32.14	\$ 25.40	-20.96%
Ernest Communications Inc.	\$ -	\$ -		\$ 31.15	\$ 29.00	-0.07	\$ 31.15	\$ 29.00	-6.90%
Fidelity Communications Services II, Inc.	\$ 14.00	\$ -	-100.00%	\$ 20.00	\$ 20.00	0.00	\$ 19.98	\$ 20.00	0.11%
Global Crossing Telemanagement, Inc.	\$ -	\$ -		\$ 35.08	\$ 39.58	0.13	\$ 35.08	\$ 39.58	12.82%

**Calculation of 2007 and Comparison with 2005 Statewide Weighted Average  
Basic Local Telephone Services Rate**

Appendix E

Competitive Local Exchange Carrier (Reporting Lines)	Company Statewide Residential Weighted Average Rate		Percentage Change in Statewide Residential Weighted Average Rate	Company Statewide Business Weighted Average Rate		Percentage Change in Statewide Business Weighted Average Rate	Statewide Overall Weighted Average Rate		Percentage Change in Statewide Combined Weighted Average Rate
	2005	2007		2005	2007		2005	2007	
Metropolitan Telecommunications of Missouri, Inc.	\$ 44.95	\$ -	-100.00%	\$ -	\$ 22.96	**	\$ 44.95	\$ 22.96	-48.92%
NuVox Communications of Missouri, Inc.	\$ -	\$ -		\$ 30.74	\$ 38.90	0.27	\$ 30.74	\$ 38.90	26.55%
Sprint Communications Company, L.P.	\$ 48.99	\$ -	-100.00%	\$ 87.95	\$ 34.79	-0.60	\$ 61.19	\$ 34.79	-43.14%
TCG Kansas City, Inc.	\$ -	\$ -		\$ 38.65	\$ 46.40	0.20	\$ 38.65	\$ 46.40	20.05%
TCG St. Louis, Inc.	\$ -	\$ -		\$ 38.65	\$ 46.40	0.20	\$ 38.65	\$ 46.40	20.05%
Time Warner Telecom of Kansas City L.L.C.	\$ 39.95	\$ -	-100.00%	\$ -	\$ 30.25	**	\$ 39.95	\$ 30.25	-24.28%
Trans National Communications International, Inc.	\$ -	\$ -		\$ -	\$ 55.00	**	\$ -	\$ 55.00	**
Xo Communications Services, Inc.	\$ -	\$ -		\$ 31.25	\$ 34.93	0.12	\$ 31.25	\$ 34.93	11.78%

\*\* This calculation requires division by the 2005 rate which for this company is zero. Division by zero is undefined.

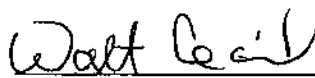
**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of the Determination of the	)	
Weighted Statewide Average Rate of	)	
Nonwireless Basic Local	)	Case No. TO-2006-0084
Telecommunications Services	)	

**AFFIDAVIT OF   Walt Cecil**

STATE OF MISSOURI            )  
  ) ss:  
COUNTY OF COLE            )

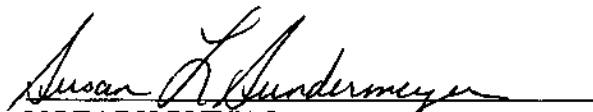
Walt Cecil, being of lawful age and after being duly sworn, states that he is employed by the Missouri Public Service Commission as a Regulatory Economist in the Telecommunications Department. Mr. Cecil states he has participated in the preparation of the accompanying memorandum based upon information provided by the telecommunications companies through November 8, 2007. Mr. Cecil further states the aforementioned memorandum, underlying calculations and analysis comply with those in Staff's *Motion to Open Case* No. TO-2006-0084, and that the facts and such matters therein are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
Walt Cecil

Subscribed and affirmed before me this 18<sup>th</sup> day of December, 2007. I am commissioned as a notary public within the County of Callaway, State of Missouri, and my commission expires on 9-21-10.



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942086

  
\_\_\_\_\_  
NOTARY PUBLIC