

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

In the Matter of the Application of Iowa )  
Telecommunications Services, Inc., d/b/a/ Iowa )  
Telecom for Waiver of Compliance with the )  
Requirement of 4 CSR 240-33.050(4)(B) )

Case No. TE-2006-0337

**STAFF RECOMMENDATION**

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

1. On March 1, 2006, Iowa Telecommunications Services, Inc., d/b/a Iowa Telecom, filed an application for a waiver of Commission Rule 4 CSR 240-33.050(4)(B) – the rule regarding deposits and guarantees of payment for residential customers. Rule 33.050(4)(B) requires that customer deposits bear interest at a rate equal to one percent (1%) above the prime lending rate as published in the *Wall Street Journal*. Iowa Telecom seeks a waiver of that rule in order to follow the rule set by the Iowa Utilities Board, which provides that interest on such deposits be computed at 7.5 percent per annum, compounded annually.

2. On March 3, 2006, the Commission set an intervention deadline of April 3, 2006, and directed the Staff to file a recommendation no later than April 14, 2006.

3. Commission Rule 4 CSR 240-33.100 authorizes a telecommunications company to request authority for a variance from any provision of Chapter 33. Rule 33.100 adds that any variance granted by the Commission shall be reflected in a tariff if applicable. Commission Rule 4 CSR 240-2.060 directs that an application for variance or waiver from a commission rule shall contain the “reasons for the proposed variance or waiver and a complete justification setting out the **good cause** for the variance.” (Emphasis added)

4. In the attached Memorandum, labeled Appendix A, the Staff states its opinion that the administrative burden for Iowa Telecom to establish a separate system for calculating the interest on its Missouri customers' deposits constitutes good cause to grant the requested waiver.

WHEREFORE, the Staff recommends that the Commission grant Iowa Telecom a waiver of 4 CSR 240-33.050(4)(B) and direct Iowa Telecom to reflect the waiver in its tariffs.

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 17<sup>th</sup> day of March 2006.

/s/ William K. Haas

# MEMORANDUM

To: Missouri Public Service Commission Official Case File  
Case No. TE-2006-0337  
Iowa Telecommunications Services, Inc. d/b/a Iowa Telecom

From: Sherri Kohly  
Telecommunications Department

John Van Eschen 03/14/06  
Utility Operations Division/Date

William K. Haas 03/14/06  
General Counsel's Office/Date

Subject: Recommendation to Grant Request for Waiver

Date: March 14, 2006

On March 1, 2006, Iowa Telecommunications Services, Inc. d/b/a Iowa Telecom (ITS), an incumbent local exchange company, filed an Application for Waiver. The Commission issued an Order on March 3, 2006, directing Staff to file a recommendation regarding approval or rejection no later than April 14, 2006. The Order established an intervention date of April 3, 2006.

ITS is requesting a waiver of 4 CSR 240-33.050(4)(B) which sets the amount of interest to be paid on deposits for residential customers. 4 CSR 240-33.050(4)(B) specifically states:

It shall bear interest at a rate which is equal to one percent (1%) above the prime lending rate as published in the *Wall Street Journal*. This rate shall be adjusted annually on December 1 using the prime lending rate, as published in the *Wall Street Journal* on the last business day of September of each year, plus one percent (1%). The interest shall be credited annually upon the account of the customer or paid upon the return of the deposit, whichever occurs first.

Currently, the interest amount to be paid on customer deposits pursuant to 4 CSR 240-33.050(4)(B) is 7.75%.

ITS provides local exchange telecommunications service to approximately 240,500 incumbent access lines in 293 exchanges located throughout Iowa. ITS also provides local exchange telecommunications service to approximately 100 customers located in the Missouri exchanges of Athens, South Braddyville and South Seymour. ITS' billing system is designed to provide 7.5% interest on the deposits held as prescribed by the rules set forth in Section 22.4(2)(b) of rules of the **Iowa Utilities Board**.

Of the approximately 100 customers that ITS serves in Missouri, there are presently only two deposits held. Therefore, ITS requests a waiver of this section of the deposit rule due to the administrative burden of establishing a separate system for calculating the interest on only two

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customer deposits. ITS proposes to compute interest on all of its customers deposits, including the Missouri customers' deposits, at a rate of 7.5% per annum compounded annually as prescribed by the Iowa Administrative Code. Staff believes good cause exists to grant ITS' waiver request and recommends that the Commission issue an order to approve the waiver request and direct ITS to make a tariff filing to add the waiver pursuant to 4 CSR 240-33.100(3) to ITS' tariffs. ITS has tariff filings currently pending before the Commission (YI-2006-0660 and YI-2006-0661) to replace its current Missouri Tariffs No. 3 and No. 7 with new Missouri Tariffs No. 1 and No. 2. Those tariffs have a proposed effective date of April 1, 2006. Since the intervention date established in TE-2006-0337 is April 3, 2006, ITS will have to make a separate tariff filing to add the waiver, when granted, to its tariffs. ITS' proposed replacement tariffs indicate that the deposit interest rate is 7.5%.

- The Company is not delinquent in filing an annual report and paying the PSC assessment.  
 The Company is delinquent. Staff recommends the Commission grant the requested relief/action on the condition the applicant corrects the delinquency. The applicant should be instructed to make the appropriate filing in this case after it has corrected the delinquency.  
( No annual report  Unpaid PSC assessment. Amount owed:    )

