

R. Rockwell ✓  
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Exhibit No.:

Issues:

Witness: William L. Voight

Sponsoring Party: MO PSC Staff

Type of Exhibit: Surrebuttal Testimony

Case No.: TA-99-298

**MISSOURI PUBLIC SERVICE COMMISSION**

**UTILITY OPERATIONS DIVISION**

**SURREBUTTAL TESTIMONY**

**OF**

**WILLIAM L. VOIGHT**

**CASE NO. TA-99-298**

**Jefferson City, Missouri**

**June 1999**

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Service Commission



1 **Q. Ms. Hollingsworth indicates that the standard stipulation and agreement states:**

2 "the applicants originating and terminating access rates will be no greater than  
3 the lowest Commission approved corresponding access rates in effect at the  
4 date of certification for the large incumbent LEC(s) within whose service  
5 area(s) applicant seeks authority to provide service".  
6

7 **Does Staff agree that this is the standard wording?**

8 A. For substantive purposes, I would not disagree with Ms. Hollingsworth. However, just for  
9 the Record, the actual wording from the stipulation and agreement in Case No. TA-96-345, with  
10 differences shown in italics, is as follows:

11 *"Notwithstanding the provisions of Section 392.500 RSMo (1994), as a*  
12 *condition of certification and competitive classification, TCG agrees that,*  
13 *unless otherwise ordered by the Commission, the applicants originating and*  
14 *terminating access rates will be no greater than the lowest Commission*  
15 *approved corresponding access rates in effect at the date of certification for the*  
16 *large incumbent LEC(s) within those service area(s) applicant seeks authority*  
17 *to provide service."* (Emphasis added).  
18

19 Again, Staff does not substantially disagree with Ms. Hollingsworth's characterization of the  
20 above language as "standard".

21 **Q. If Staff and SWBT agree on what constitutes a "standard" stipulation and**  
22 **agreement, what do the two parties disagree on?**

23 A. I believe the disagreement stems from what SWBT refers to as a "clarifying footnote"<sup>4</sup>.  
24 The above referenced "standard" stipulation and agreement contained no such footnote; indeed,  
25 none of the original stipulation and agreements contained such footnotes.

26 **Q. What is SWBT's "clarifying footnote"?**

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*Company.* SWBT was a signatory party to this Stipulation, which was presented to the Commission on September 16, 1996. Ms. Hollingsworth mentions this Stipulation beginning on page 8, line 5, and again at page 8, line 19 of her rebuttal testimony.

<sup>4</sup> Hollingsworth Rebuttal; page 5, line 16 & page 6, line 13.

1 A. Ms. Hollingsworth references the Pager Company's (Case No. TA-99-115) stipulation  
2 and agreement as one which contains the "clarifying footnote."<sup>5</sup> Although the Pager Company  
3 has sought conditional certification only in SWBT's service area,<sup>6</sup> I shall quote the "clarifying  
4 footnote" from that stipulation and agreement as follows:

5 "For purposes of this stipulation the relevant access rates are those of SWB."

6 **Q. Is this the only wording used by SWBT for "clarifying footnotes"?**

7 A. No, other versions are used as well. For example, in Case No. TA-97-444, U.S. Telco,  
8 Inc. has received conditional certification to provide service in Missouri's three large LEC  
9 (sometimes called "the Big 3") service areas (SWBT, GTE, & Sprint-Mo.). U.S. Telco's  
10 stipulation and agreement "clarifying footnote" states:<sup>7</sup>

11 "For the Applicant, this sets its access rates at the same level as those of Southwest Bell."

12 **Q. Ms. Hollingsworth's testimony seems to indicate that the "clarifying footnote"**  
13 **clarifies the standard stipulation. Do you agree with this contention?**

14 A. No. As will be explained, Staff believes the "clarifying footnote" obfuscates the original  
15 meaning and intent of the original stipulation and agreement(s).

16 **Q. Ms. Hollingsworth states that "...many of the more recent standard stipulations**  
17 **include a clarifying footnote identifying SWBT as the large incumbent LEC whose access**  
18 **rates will act as the cap."<sup>8</sup> Do you agree that many of the footnotes are recent?**

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<sup>5</sup> Id. page 5, beginning at line 15.

<sup>6</sup> The relevance of certification in only one of Missouri's Large LEC serving areas is explained in footnote 13.

<sup>7</sup> RE: *In the Matter of the Application of U.S. Telco, Inc. for Certificates of Service Authority to Provide Basic Local Telecommunications Service and Local Exchange Telecommunications Service in Portions of the State of Missouri and to Classify Said Services as Competitive*. Stipulation and Agreement, page 2, footnote 3.

<sup>8</sup> Hollingsworth Rebuttal; page 5, beginning line 16.

1 A. Yes, most of the footnotes have been added to standard stipulations only recently,  
2 although SWBT was still entering into stipulation and agreements which did not contain the  
3 “clarifying footnote” as late as December 2, 1998.<sup>9</sup>

4 **Q. What, in your opinion, is the practical value of the “clarifying footnote”?**

5 A. There is very little practical value in the “clarifying footnote.” Only facilities-based  
6 competitive local exchange companies are allowed to charge for switched access service.<sup>10</sup> The  
7 overwhelming majority of competitors who have agreed to SWBT’s “clarifying footnote” are  
8 resellers precluded from charging for the very item which is the subject of these proceedings.

9 **Q. Please explain.**

10 A. Since December 20, 1996 the MoPSC has approved eighty-five (85) conditional  
11 certificates to provide competitive switched local exchange telecommunications services.<sup>11</sup>  
12 Seventy-eight (78) of these conditional certificates have been approved through the stipulation  
13 and agreement process, and seven (7) certificates did not involve stipulation and agreements, but

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<sup>9</sup> RE: *In the Matter of the Application of NEXTLINK MISSOURI, INC., for a Certificate of Authority to Provide Basic Exchange and Local Exchange Intrastate Telecommunications Services within the State of Missouri*. Case No. TA-99-48, Nonunanimous Stipulation and Agreement signed by NEXTLINK, SWBT, & Staff (Although the Office of Public Counsel did not object, it also did not sign). See also, Order Approving Stipulation and Agreement dated January 12, 1999, Page 2.

<sup>10</sup> *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*. Federal Communications Commission (FCC) Common Carrier Docket No. 96-98, First Report and Order (Order), Released August 8, 1996, beginning at para. 978. In its Order, the FCC determined that total service resellers are not entitled to charge for switched access service, as stated: “We conclude that the 1996 ACT requires that incumbent LECs continue to receive access charge revenues when local services are resold under section 251(c)(4). IXC’s must still pay access charges to incumbent LECs for originating or terminating interstate traffic, even when their end user is served by a telecommunications carrier that resells incumbent LEC retail services. Resale, as defined in section 251(b)(1) and 251(c)(4), involves services, in contrast to section 251(c)(3), which governs sale of network elements.” para 980.

<sup>11</sup> On page 4, line 21 of her rebuttal testimony, Ms. Hollingsworth, in an apparent typographical transposition of numbers, reports the number as “fifty-eight”, not “eighty-five”. The data contained in Staff’s testimony is taken largely from a document in Staff’s workpapers entitled *Status of Missouri Local Exchange Certificate Applications and Interconnection/Resale Agreements*. The document is publicly available from Staff, is available on the Commission’s Web Site, and is distributed to those who ask for it. Indeed, a copy of the latest version was given to SWBT only recently. For purposes of clarification, a revised version of the May 13, 1999 document is attached as Schedule 1.

1 rather, Staff recommendations in cases where no party sought to intervene.<sup>12</sup> Of the seventy-  
2 eight (78) conditional certificates involving stipulation and agreements, eighteen (18) contain  
3 SWBT's "clarifying footnote." Of these eighteen (18), one (1) inserted the SWBT "clarifying  
4 footnote" even though the Company was not seeking conditional approval to provide service in  
5 SWBT's area.<sup>13</sup> Seven (7) conditional certificates pertain to competitors which requested  
6 conditional certification in SWBT's service area (and no other large LEC service area),<sup>14</sup> while  
7 the remaining ten (10) have sought conditional authority to provide service in not only SWBT's  
8 service area, but Sprint-Missouri and/or GTE's service area(s) as well.<sup>15</sup> I believe it is SWBT's  
9 "clarifying footnote" contained within these ten (10) stipulation and agreements which are the  
10 center of this controversy. Of these ten (10) companies represented by SWBT's "clarifying  
11 footnote", only one (1), Gabriel Communications of Missouri, Inc. (Gabriel), has filed tariffs to  
12 provide facilities-based basic local exchange service.<sup>16</sup> As of this writing, the remaining nine (9)

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<sup>12</sup> Data as of May 13, 1999.

<sup>13</sup> Re: *In the Matter of the Application of Sprint Communications Company L.P. for a Certificate of Service Authority to Provide Basic Local Telecommunications Service and Local Exchange Telecommunications Service.* Case No. TA-97-269, Stipulation and Agreement filed August 1, 1997. Case No TA-97-269 is known to Staff as the "Sprint-on-Sprint" Certification Case. SWBT was an initial intervenor in the "Sprint-on-Sprint" Case but subsequently withdrew its intervention. Pursuant to Bifurcated Case No. TA-96-424, Sprint L.P. has exercised its conditional certificate of local authority, and is currently providing resold local exchange service in SWBT's Kansas City and St. Louis Metro areas. However, in Case No. TA-97-269, the Commission granted Sprint a conditional certificate to provide service in Sprint-Mo's (formally United Telephone Company) operating area only. Thus, the "clarifying footnote" limits Sprint to charging switched access rates no higher than SWBT's rates, even though the certificate can only be exercised in the service area of the former United Telephone Company. In any event, the footnote appears to be an afterthought, or possibly an oversight of the negotiation process, as the original footnote places the access cap at "United's access rates" but was crossed out with the words "SWBT's [access rates]" penciled in its place, and initialed by a Staff attorney prior to submission. A copy of the relevant page of this stipulation and agreement is attached as Schedule 5.

<sup>14</sup> Footnote or no footnote, if a competitor seeks conditional authority in only SWBT's service area via the "standard" stipulation and agreement, there can be no comparison to the rates of GTE or Sprint-Mo, as SWBT is the only large LEC "within those service area(s) applicant seeks authority to provide service".

<sup>15</sup> The ten competitors are: U.S. Telco, Inc., Case No. TA-97-444; Midwestern Tel, Case No. TA-97-469; BellSouth, Case No. TA-98-124; Suretel, Inc., Case No. TA-98-568; BarTel Comm., Inc., Case No. TA-99-138; JATO Comm. Corp., Case No. TA-99-148; DIECA Comm., Inc., Case No. TA-99-159; Level 3 Comm., Case No. TA-99-171; Gabriel Comm., Inc., Case No. TA-99-173; and Central Missouri Telecom, Inc., Case No. TA-99-317.

<sup>16</sup> Gabriel Communications of Missouri, Inc. exercised its conditional certificate of service authority by receiving local exchange and exchange access tariff approval by Order of the Commission on May 4, 1999. The Company is currently providing resale and facilities-based local exchange service in SWBT's service areas of St. Louis,

1 are either; 1) providing service on a resale basis only;<sup>17</sup> 2) have not filed tariffs to indicate how  
2 service is provided (i.e., resale or facilities-based);<sup>18</sup> or 3) have received conditional certification  
3 but have filed no Interconnection Agreement between itself and SWBT.<sup>19</sup> Thus, as the  
4 competitive local exchange market now stands, the only competitor who may be potentially  
5 impacted by the “clarifying footnote,” that is not a party to this proceeding, is Gabriel  
6 Communications of Missouri, Inc.

7 **Q. If the Staff is opposed to the “clarifying footnote”, why did it enter into eighteen (18)**  
8 **stipulation and agreements with SWBT which contain the footnote?**

9 A. Staff would prefer that all rates be as low *as possible* for all customers, including  
10 interexchange carrier customers and Primary Toll Carrier customers of facilities-based local  
11 exchange companies. If a competitor wants to charge rates below that which it is otherwise  
12 entitled to charge, the Staff is not opposed.<sup>20</sup> Further, if Staff would have objected to the

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Springfield, and Kansas City. Thus far, Gabriel has not filed tariffs to provide local exchange service in Sprint-Mo’s service area or GTE’s service area, although Gabriel holds a conditional certificate to do so.

<sup>17</sup> U.S. Telco, BarTel, & Surtel (providing resold pre-paid basic local service only), and Midwestern Tel (providing “standard” resold service to business and residential customers). As of this writing, Midwestern Tel is in the process of adopting the Interconnection Agreement of AT&T & SWBT (Case No. TO-99-459). After adoption, Midwestern Tel will have an “interconnection” agreement as opposed to a “resale” agreement with SWBT. Although it will have an interconnection agreement, Midwestern Tel has given no indication (as in tariff filings) that it will provide facilities-based service. Staff expects to see other resellers adopting the AT&T Interconnection Agreement, in order to take advantage of higher resale discounts as ordered by the Commission in the AT&T/SWBT Arbitration Proceedings. In this regard, interconnection agreements are not a good indication of the extent of facilities-based competition, and should not be used as a basis for determining which companies are potentially affected by SWBT’s “clarifying footnote”.

<sup>18</sup> JATO Comm. Corp.; Level 3 Comm.; Central Missouri Telecom.

<sup>19</sup> BellSouth; and DIECA Comm., Inc.

<sup>20</sup> For example, see Staff’s recommendation to approve TCG St. Louis’ switched access tariffs which were approved pursuant to the Commission’s Order in Case No. TA-96-345. TCG St. Louis charges a lower rate than SWBT’s comparable switched access service. A copy of Staff’s recommendation is attached as Schedule 2. See also, Staff’s recommendation to approve ExOp’s switched access tariffs which were approved pursuant to the Commission’s Order in Case No. TA-97-193. ExOp’s switched access rates are lower than Sprint-Mo’s comparable switched access service. ExOp’s stipulation and agreement does not contain the “clarifying footnote” and the Company is now providing switched access service only in Sprint-Mo’s service area. ExOp was originally granted a conditional certificate to provide service in Sprint-Mo, GTE and SWBT territories, but withdrew its conditional certificate for SWBT’s service area when SWBT filed a Motion to Suspend ExOp’s access tariff. In its Motion to Suspend, SWBT cited the same objections SWBT cites in the instant case. In its Motion [requesting the Commission] To Restrict ExOp’s Service Authority, ExOp gave its reasons as follows: “While ExOp continues to maintain its position in opposition to SWB’s motion to suspend ExOp’s tariffs, the amount of capital expenditures

1 footnote, it is conceivable that the matter would have been set for Hearing, much as in the instant  
2 Case. Staff does not want to contribute to extending the time it takes for competitors to become  
3 conditionally certificated, especially if the competitor is willing to stipulate to the footnote.  
4 Lastly, most of the stipulation and agreements involve resellers who do not charge switched  
5 access rates.

6 **Q. Ms. Hollingsworth states that if ALLTEL Communications, Inc's (AllTel's)**  
7 **interpretation of the stipulation is correct, "then the word "lowest" has no meaning, since**  
8 **there is only one large incumbent LEC in each area in which ACI seeks to provide**  
9 **service."<sup>21</sup> She also states that SWBT has always understood the relevant provisions of the**  
10 **stipulations to mean that a new competitor seeking a certificate in the Big 3 areas "would**  
11 **be required to cap their access rates at a level no greater than SWBT's access rates, since**  
12 **SWBT has the lowest access rates of any of the three large incumbent LECs." <sup>22</sup> Do you**  
13 **agree with SWBT's understanding?**

14 A. No. This assessment overlooks the fact that AllTel could provide service, for example,  
15 only in GTE's service area, and choose not to provide service in SWBT's area. Ms.  
16 Hollingsworth confuses "providing service" under an approved tariff, as contemplated by the  
17 stipulations, with a situation in which competitors only have a conditional certificate, but choose  
18 for a certain time period not to exercise the certificate by filing tariffs. Such situations are to be  
19 expected as new competitors enter the market for the first time. It should be expected that  
20 competitors need time to build-out their networks. Indeed, as will be shown, Staff has  
21 contemplated as much from the beginning.

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that ExOp has made thus far to build a modern telephone system in the City of Kearney makes it imperative that ExOp be permitted to sell its services to customers long before the expiration of the 120-day [tariff] suspension period." para. 12. A copy of Staff's recommendation is attached as Schedule 3.

<sup>21</sup> Hollingsworth Rebuttal; page 14, line 6. Also, page 7, line 19.



1 Q. Ms. Hollingsworth contends that there is no historical basis to support AllTel's  
2 interpretation of the language contained within a standard stipulation. She then uses  
3 various pleadings, testimony of Staff, and hearing transcripts in an attempt to show that  
4 AllTel's "misinterpretation of the language contained in the standard stipulation and  
5 agreement" [shows that] "ACI is seeking to change a significant term of the standard  
6 stipulation and agreement." Also, Ms. Hollingsworth "refer[s] the Commission to several of  
7 the initial CLEC certification cases in which the standard stipulation was developed and  
8 first used....," and presents several supporting Schedules just in case "...there is any doubt  
9 in the Commission's mind."<sup>23</sup> What are your comments on Ms. Hollingsworth's historical  
10 analysis?

11 A. With all respect to Ms. Hollingsworth, Staff has a different recollection of the stipulation  
12 history. I believe *any* historical interpretation of an event can not be undertaken without first  
13 taking into consideration all other significant events occurring during the time in which the  
14 event was recorded. AT&T was the first potential competitor to apply for certification with the  
15 Commission on March 29, 1996, over three (3) years ago; its stipulation and agreement was filed  
16 on September 23, 1996, soon to be three (3) years ago.<sup>24</sup> During the initial certification time-  
17 frame, I believe all parties to the stipulation and agreement believed AT&T would be filing  
18 tariffs to begin providing local exchange service (at first by resale, later by combining resale with  
19 facilities) in all areas where it obtained conditional certification. Such areas would include the  
20 three large incumbent LECs – SWBT, Sprint-Mo., and GTE. Staff's testimony, Staff's

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<sup>22</sup> Id. page 5, line 14.

<sup>23</sup> Hollingsworth Rebuttal; page 8 line 4

<sup>24</sup> Indeed, AT&T was the first competitor to apply for certification in Missouri; numerous other nationally and regionally known companies soon followed. The references to AT&T in this testimony should not be taken to mean that AT&T is being singled out by Staff. Due to their sheer size and market involvement, AT&T and SWBT are sometimes used by Staff as symbolic of industry occurrences. It is in this light that references to AT&T should be taken.

1 Suggestions in Support of Stipulation and Agreements, and Staff responses to Commission  
2 questions, all cited by Ms. Hollingsworth, should be analyzed in light of not only Staff's belief at  
3 the time that resale would be utilized by competitors, but what I consider to be the belief of most  
4 others as well.<sup>25</sup> As has been clearly demonstrated, AT&T and the other national competitors  
5 associated with the first stipulation and agreements have made business decisions not to provide  
6 resale of local exchange services.<sup>26</sup> Three years is a light year in the telecommunications  
7 industry. A lot of things have changed during the intervening three (3) years since, by some  
8 accounts, regulators were led to believe that competition was "just around the corner."<sup>27</sup> Staff's  
9 comments taken from three (3) years ago can not be interpreted without also considering today's  
10 market realities.

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<sup>25</sup> Passage of federal and state legislation authorizing local exchange competition was widely reported in the news media. In addition to the Parties' belief that competitive resale was going to be widespread, the news media was reporting these expectations. For example, see the *Columbia Tribune's* December 12, 1996 reporting of the MoPSC Arbitration decision involving GTE & AT&T. The report stated that "[M]a Bell is coming to town, and it's going to cost her less than she expected." Although AT&T's director of governmental affairs, Steve Webber, was not directly quoted, the same news article reported that "[A]T&T Communications of the Southwest, Inc. intends to provide local phone service in each of GTE's 206 exchanges in Missouri by next summer." A copy of this article is attached as Schedule 4.

<sup>26</sup> The MoPSC approved tariff sheets permitting AT&T to conduct a "Local Market Trial" between October 14, 1997 and December 1, 1997. The market trial, designed for residential service, was targeted to a maximum of 600 AT&T employees. According to its tariff, the trial was to allow AT&T to test the capabilities of systems needed to establish, provision, operate, bill and/or collect for residential service. Results of this trial have never been clear to Staff.

<sup>27</sup> In a February 10, 1998 speech delivered in Washington D.C. to the *Economic Strategy Institute Forum on the Telecom Act of 1996*, AT&T President and CEO, C. Michael Armstrong, called Total Service Resale a "fools errand" and declared that AT&T was not going to spend any more money on it. In his speech, Mr. Armstrong indicated that within 30 days after the Act was signed, AT&T had applied for certification in all 50 states, and in the intervening two years had entered into 78 negotiations with regional companies for the resale of services. Of the 78 negotiations, 77 had resulted in arbitration (an agreement was reached in Alaska). Of the 41 interconnection agreements made to connect AT&T's facilities with the local company, all 41 were under appeal. In explaining AT&T's decision to temporarily stop actively marketing consumer local service, Mr. Armstrong indicated that MCI and Sprint had done the same thing. Also in February 1998, FCC Chairman Kennard was questioning AT&T and MCI's claim that reselling residential local exchange service was not viable, pointing out that some companies were actively engaged in resale. Again, Staff is not singling out AT&T, MCI, Sprint or any other single company. References to AT&T, MCI, and Sprint are intended to be illustrative of events occurring in the industry which by no means were limited to AT&T, MCI, and Sprint. For example, in Case No. TA-98-124, BellSouth's conditional local exchange certificate was approved by the MoPSC on January 13, 1998. According to its Application, BellSouth is a wholly owned subsidiary of BellSouth BSE Holdings, Inc., a company with over 80,000 employees, and reporting \$19.04 billion in operating revenues for 1996. BellSouth's September 18, 1997 Missouri Application states that initially, BellSouth "...intends to resell bundled local services of the ILECs." As of this writing, the Company still

1 Q. Schedule 3-3 of Ms. Hollingsworth's rebuttal testimony contains a transcript from  
2 Case No. TA-96-345 (TCG). The transcript appears to have been taken on October 3, 1996.  
3 Beginning on page 21 , line 24, former Staff attorney Colleen Dale states to the Commission  
4 (with emphasis added):

5 "One such protection about which the Staff was adamant is the effect of  
6 capping of the originating and terminating access rates at the lowest  
7 corresponding rate of any large LEC *in whose service territory the applicant*  
8 *seeks to compete.*"  
9

10 Does Staff believe that the stipulation contemplates capping the competitor's switched  
11 access rates?

12 A. Yes. As I indicated in my rebuttal testimony, capping is necessary to preclude runaway  
13 switched access rates, which would not be conducive to a competitive environment. From the  
14 Staff's prospective, there is not, and never has been, an issue about whether or not to have a cap.  
15 The issue has to do with *what the cap should be* when a competitor is competing in service areas  
16 involving more than one of Missouri's 3 largest LECs.

17 Q. What is the purpose of your emphasizing the (above) words in Ms. Dale's statement  
18 to the Commission?

19 A. Once it is accepted that a cap will be established, the issue becomes what the cap should  
20 be. Ms. Dale was explaining to the Commission that the cap should be the lowest rate among the  
21 Big 3 *in whose service territory the applicant seeks to compete.*

22 Q. Is it possible to "seek to compete" without approved tariffs?

23 A. No it is not possible. Indeed, the Staff has administratively prosecuted one local exchange  
24 competitor for acting on the basis of such presumptions. This is why the stipulations, and

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has not filed an interconnection agreement or requested arbitration in Missouri, much less filed tariffs to begin providing service.

1 Commission Orders approving the stipulations and granting certificate, have all contained  
2 language which conditions the certificate on approved tariffs. Thus, the certificate is only  
3 effective, even after tariffs are approved, for those service areas that are included in the tariff as  
4 approved by the Commission.

5 **Q. What is the practical meaning of interpreting the stipulation as you have described?**

6 A. It would mean that a competitor could sign the standard stipulation and agreement  
7 (without the “clarifying footnote”) which, with Commission approval, would grant the Company  
8 conditional certification to provide service in the territory of SWBT, Sprint-Mo, and GTE. If the  
9 competitor exercised its conditional certification by filing facilities-based tariffs seeking to  
10 compete only in GTE’s service area, then, upon Commission approval, the switched access rate  
11 allowed the competitor would be capped at GTE’s rate. The stipulation contemplates the same  
12 treatment if a competitor filed tariffs to provide facilities-based service only in Sprint-Mo’s  
13 territory – the cap would be Sprint-Mo’s access rate. In a like manner, if the competitor filed  
14 tariffs to provide facilities-based service only in SWBT’s area, the SWBT rate would apply.

15 If the competitor chose to exercise its conditional certificate by filing tariffs to provide  
16 facilities-based service in both the GTE and Sprint-Mo territory, the cap would be GTE’s access  
17 rate because GTE’s access rates are the lower of the two where the facilities-based C-LEC  
18 sought to provide service. Lastly, if a competitor filed tariffs to provide facilities-based service in  
19 all three large LEC areas, the cap would be the SWBT rate because SWBT has the lowest access  
20 rates of the three companies. Staff’s position on the rate cap, and Staff’s understanding of  
21 SWBT’s position on the rate cap, is illustrated in my Surrebuttal Schedule 6-1 attached to this  
22 testimony.

23 **Q. What practical effect does the “clarifying footnote” have on the above situation?**

1 A. SWBT's "clarifying footnote" would cap the competitor's rate at SWBT's rate regardless  
2 of where the competitor chose to provide service by filing and getting Commission approval of  
3 tariffs. Even if the competitor chose to provide facilities-based service, for example, only in  
4 GTE's territory, the competitor would be forced to cap its rates at the SWBT rate because  
5 SWBT's rate is the lowest of the three companies where the competitor *had gained conditional*  
6 *Commission authority to provide service.*

7 **Q. On page 33 beginning at line 5 of the same transcript, Ms. Dale replies to a question**  
8 **from Commissioner Kincheloe as follows:**

9 "But as long as TCG is certificated to provide service in Southwestern Bell's  
10 service territory and as long as Southwestern Bell continues to have the lowest  
11 originating and terminating access rates, then they will continue to be tied to  
12 that lowest rate."  
13

14 **Is there anything inconsistent between the Staff's position, then and now?**

15 A. No.

16 **Q. Why not?**

17 I believe Commissioner Kincheloe's question contemplated a situation where TCG would  
18 choose to exercise its conditional certificate by filing tariffs to provide facilities-based service in  
19 SWBT's service area. This transcript involved TCG's Case No. TA-96-345 during an on-the-  
20 record presentation of a stipulation and agreement for conditional certification in SWBT's  
21 service area only. As I have previously stated, if a competitor is asking for conditional authority  
22 in only one of the big three service areas, the competitor's switched access rates will, upon  
23 Commission approval, be capped at the incumbent's rates, regardless of what the stipulation  
24 says about capping pursuant to the Big 3.

1 **Q. Schedule 4-2 of Ms. Hollingsworth's testimony contains a portion of Staff's**  
2 **Suggestions in Support of the Stipulation and Agreement (Suggestions) in the Dial & Save**  
3 **certification process. With emphasis added, a portion of the Suggestions states as follows:**

4 To address this concern, the Parties devised an access rate "cap" that places an  
5 upper limit on access rates at the lowest level charged by the large LEC in  
6 whose service territory the applicant will be initially certificated. This access  
7 rate cap is discussed and stipulated to in paragraphs 5 and 11. For the  
8 applicant, this places an *effective* cap at Southwestern Bell's access rates,  
9 which are the lowest in the state."  
10

11 **Is there anything inconsistent with the Staff's position, then and now?**

12 A. No.

13 **Q. Why not?**

14 A. This statement was made in the context of Dial & Save exercising its conditional  
15 certificate by providing service in all three areas, SWBT, Sprint-Mo, and GTE. Again, this was  
16 Staff's thinking when these Suggestions were filed in October 1996. If Dial & Save provided  
17 service in all three areas, its switched access rates would be capped at SWBT's rates, under  
18 either the interpretation of Staff or SWBT.

19 **Q. Why have you emphasized the word "effective" in the above statement written by**  
20 **Ms. Dale?**

21 A. Ms. Dale often used this word in her writings as well as her daily speech. She frequently  
22 used the word "effective" to be synonymous with the word "virtually". Virtually means: "in  
23 effect although not in fact; for all practical purposes."<sup>28</sup> Ms. Dale's suggestions in support of the  
24 stipulation was intended to say that, for all practical purposes, Dial & Save's access rates would  
25 be capped at the SWBT rate. She believed at the time, as we all did, that Dial & Save would  
26 likely provide service in all of the Big 3 areas; however, Staff has always maintained that some

1 competitors initially may not choose to exercise its conditional certificate in all three areas, at  
2 least at the outset of providing service. Ms. Dale was also saying that if Dial & Save choose to  
3 provide service, for example, only in the GTE service area, then its access rates may be set at the  
4 GTE rate. By using the word "effective", Staff's Suggestions were accounting for this  
5 possibility, however slight. Ms. Dale was simply saying that for all practical purposes, Dial &  
6 Save's access rates would be capped at the SWBT rate, but that there may be instances where the  
7 rate is that of Sprint-Mo or GTE, depending on the tariffs as approved.

8 **Q. Footnote 4 of Schedule 4-3 of Ms. Hollingsworth's testimony contains references to**  
9 **"companies that resell access" [to pass through charges]. What are your comments on this**  
10 **wording?**

11 A. As I've indicated, resellers do not charge (or pass through charges) for switched access  
12 service. At the time the original stipulations were negotiated, the Parties did not know how this  
13 issue would be decided (or at least the Staff was unsure as to the outcome of arbitration cases,  
14 and possible appeals of the FCC's rulings). Again, Dial & Save's Stipulation, and Ms. Dale's  
15 Suggestions in Support, are indicative of events that were occurring at the time the original  
16 stipulations were written. With regard to resellers charging for switched access, I've requested  
17 Staff to delete such wording in future Suggestions in Support, to the extent that such references  
18 may still be present in Staff's current Suggestions.<sup>29</sup>

19 **Q. Schedule 5-3 of Ms. Hollingsworth's testimony contains a portion of the transcript**  
20 **from an On-The-Record proceeding in Case No. TA-97-7 (Dial & Save) in which the**  
21 **Manager of the Telecommunications Department responded to a question from**

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<sup>28</sup> Webster's New World Dictionary, Second College Edition.

<sup>29</sup> As previously indicated, the MoPSC has processed 85 conditional certificates of authority to provide switched local exchange service. The instant Case is the first contested case which has resulted in a Hearing. In this regard,

1 **Administrative Law Judge (ALJ) Bensavage. With regard to Staff's Suggestions in Support**  
2 **of the Dial & Save Stipulation, Judge Bensavage inquired about a footnote which**  
3 **referenced geographic deaveraging of rates. As taken from Ms. Hollingsworth's testimony,**  
4 **the Manager, John Van Eschen, responded as follows (with emphasis shown in italics):**

5 ....the question came up, could they have a set of access rates that would apply  
6 in say, United's territory and maybe a different set of access rates in  
7 Southwestern Bell's territory, and so on? And rather than address that  
8 particular issue at this time, the footnote talks about just capping the rate at the  
9 lowest rate of the—of the incumbent LEC of the territory *where it's offering*  
10 *service.* (emphasis added).  
11

12 **Ms. Hollingsworth uses this response to justify her position “that the parties agreed to and**  
13 **the Commission approved a single, statewide cap on CLECs access rates.”<sup>30</sup> Do you agree**  
14 **with her position?**

15 A. No, I don't think so. The issue is not whether to have a cap, but what the cap should be.  
16 Ms. Hollingsworth seems to indicate that a “single statewide cap” always means the SWBT rate.  
17 If this is her meaning, then Staff disagrees.<sup>31</sup> If the parties would have envisioned the cap to be  
18 the SWBT rate in all circumstances, the parties would not have drafted a paragraph containing  
19 approximately 66 words to try to determine what the cap should be. Instead, the parties would  
20 simply have inserted something similar to SWBT's “clarifying footnote” - a sentence which,  
21 depending on which version is used, can be as little as 13 words. As Staff's Suggestions in  
22 Support have consistently indicated, this is not the optimal solution, but tying the competitor's

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Staff views the stipulation process as a success. Under the circumstances, to date, there has been little inclination to change that which has worked.

<sup>30</sup> Hollingsworth Rebuttal; page 11, line 14

<sup>31</sup> Staff would agree that for those companies who have voluntarily agreed to one cap, and to the extent that the Commission has approved those stipulations, there is only one rate, and as the lowest, that cap would be SWBT's access rate.



1 switched access rates to the incumbent's, with due regard to the geographic deaveraging  
2 statute,<sup>32</sup> is the most practicable approach at this time.

3 **Q. Why have you emphasized John Van Eschen's words in the above quotation?**

4 A. John's emphasized words are very significant. Contrary to Ms. Hollingsworth's  
5 contention that the cap should always be the SWBT rate, John is indicating where the cap should  
6 be set in a situation where the competitor is conditionally authorized to provide service in the Big  
7 3 territories.

8 **Q. Where does he indicate the switched access rate be capped?**

9 A. As plainly stated, "at the lowest rate of the incumbent LEC where its [the competitor] is  
10 offering service."

11 **Q. What happens if, as in the instant Case and pending Commission approval, a  
12 competitor is conditionally certificated to offer service in SWBT, Sprint-Mo, and GTE's  
13 service area but has no approved tariff?**

14 A. Nothing, the issue is moot. The competitor has only a conditional certificate which can  
15 not, pursuant to the stipulation and possibly Missouri law, be exercised until it has an approved  
16 tariff.

17 **Q. What happens if the same competitor, with the same conditional certificate, has an  
18 approved tariff to offer service in only GTE's service territory, but has no approved tariff  
19 to offer service in SWBT or Sprint-Mo's service area?**

20 A. If the competitor does not have an approved tariff for the SWBT or Sprint-Mo areas, it  
21 has only a conditional certificate to offer service in those areas, and it is not offering, and can not  
22 legally offer service in the SWBT or Sprint-Mo area(s). Therefore, it is impossible to offer  
23 service in the SWBT or Sprint-Mo service area(s). If it is impossible to offer service in the

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<sup>32</sup> Geographic deaveraging is discussed in more detail later in this testimony.

1 SWBT or Sprint-Mo service area, then it is impossible to use that LEC's switched access rate as  
2 a benchmark to cap, because the competitor is not offering service in that LEC's area. Therefore,  
3 the cap must be set at the GTE rate, as GTE is the only large LEC where [the competitor] is  
4 offering service.

5 **Q. What would happen if the same competitor who is offering service, under tariff only**  
6 **in GTE's service area, filed a tariff to offer service in SWBT's area in addition to the GTE**  
7 **area?**

8 A. Pursuant to the Stipulation and the Commission's Orders approving the stipulation and  
9 granting certificate, the competitor would have two choices, 1) lower its access rate in the GTE  
10 area to the SWBT rate, as the competitor is now offering service in SWBT's territory and  
11 SWBT's switched access rates are the lower, or 2) petition the Commission to keep its switched  
12 access rates in the GTE area equal to the GTE rate and charge the SWBT rate in SWBT's area,  
13 thereby charging rates equal to the incumbent carrier in both service areas.<sup>33</sup> Such processes  
14 were a part of the original stipulations and to my knowledge have been a part of all stipulations  
15 approved by the Commission. The relevant portion of the Commission's Orders state (with  
16 emphasis added in italics and bold):

17 The Commission finds that [company's] certification and competitive status  
18 are expressly conditioned upon the continued applicability of Section 392.200,  
19 RSMo Cum. Supp. 1996, and on the requirement that *any increase in switched*  
20 *access service rates above the maximum switched access service rates set forth*  
21 *in the agreement must be **cost-justified** pursuant to Section 392.220, RSMo*  
22 *Cum. Supp. 1996 and 392.230, rather than Section 392.500 and 392.510.*<sup>34</sup>  
23

<sup>33</sup> Geographic deaveraging will be discussed in more detail later in this testimony.

<sup>34</sup> Case TA-96-345, Report and Order, page 10, para. 6. This wording is a part of all stipulations. An example is shown on Schedule 2-6 (The Pager Company's stipulation Case No. TA-99-115) of Ms. Hollingsworth's rebuttal testimony.

1 Q. Returning to Judge Bensavage's question on page 14, do you think Mr. Van  
2 Eschen's answer means that competitive local exchange carriers have to have an approved  
3 tariff prior to offering service?

4 A. Yes. John was responding to Judge Bensavage within the full intent and meaning of  
5 Staff's position, then and now. I believe John meant to say that C-LECs have to have an  
6 approved tariff prior to offering service. One aspect of Dial & Save's stipulation and agreement  
7 (and all others) that the Parties agreed to, and not mentioned by Ms. Hollingsworth, is the fact  
8 that "applications for local exchange and basic local exchange authority in exchanges served by  
9 "large" local exchange companies (LECs)<sup>35</sup> should be processed in a manner similar to that in  
10 which applications for interexchange and local exchange [non-switched] authority are currently  
11 handled."<sup>36 37</sup>

12 Q. Why did the Parties insert this wording as a part of standard stipulation and  
13 agreements?

14 A. I can not say for certain why all Parties agreed to this language, nor do I recall which  
15 party suggested the language. But from the Staff's perspective, perhaps the most compelling  
16 reason for this language is Staff's desire to conditionally certificate competitors in as wide a  
17 geographic area as possible, similar to interexchange carriers (IXCs). IXCs are granted a  
18 certificate and tariff which is valid statewide; they do not have to reapply each time the company  
19 desires to expand its operations into another service or marketing area. Although a similar  
20 statewide process does not seem feasible for basic local exchange service tariff sheets, it is

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<sup>35</sup> note that LECs is plural, meaning the Big 3.

<sup>36</sup> Case No. TA-97-7, Dial & Save's Stipulation and Agreement, page 2, para. 4.

<sup>37</sup> Arguably, the comparison between IXCs and C-LECs is not artfully written in the Stipulations. Quite properly in Staff's view, Sections 392.450, 392.455 & 392.475 RSMo. Supp. 1998 place a far higher burden on applicants seeking to provide basic local service than applicants seeking to provide long-distance service.

1 possible to gain simultaneous conditional certification in the Big 3 areas.<sup>38</sup> Even if a competitor's  
2 known marketing plans, at the time of its application, do not contemplate serving in more than  
3 one incumbent's area, Staff is always accommodating to competitors who seek conditional  
4 certification in other Big 3 areas as well. This is an attempt by Staff to balance administrative  
5 efficiencies with the realization that the companies' marketing plans frequently change over  
6 time.

7 Consider what would happen where a competitor's known marketing plans called for  
8 providing switched local exchange service in St. Peters, Missouri (a GTE area), and the  
9 competitor had only applied for a certificate in GTE's area. If business was good in St. Peters,  
10 and the competitor desired to expand to the adjoining community of St. Charles, Missouri (a  
11 SWBT area), the competitor would be faced with repeating the entire certification process again,  
12 subjecting itself to potential intervention in the process.<sup>39</sup> <sup>40</sup> If however, the competitor in this  
13 example had gained conditional approval to provide service in both the GTE and SWBT areas,  
14 the competitor would merely file a 30-day tariff, subject to suspension, to begin providing  
15 service in St. Charles. If the competitor was a facilities-based provider and had been operating  
16 without SWBT's "clarifying footnote", its switched access rates, pursuant to the Stipulation,  
17 would have to be reduced to SWBT's rate because SWBT's rate is the lower of the two.<sup>41</sup> Again,  
18 this process would be accomplished with a 30-day tariff filing. As department manager, John  
19 Van Eschen's words were echoing Staff's vision of conditional certification in the Big 3 *and*  
20 where to set the cap in any eventuality.

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<sup>38</sup> Section 392.451 RSMo. Cum. Supp. 1996 defers to section 253(f) of the Federal Telecommunications Act of 1996, and governs applications to provide service in areas defined as small telecommunications companies. In Missouri, such areas include all areas other than the areas of SWBT, Sprint-Mo, and GTE.

<sup>39</sup> Granted, some applications items might possibly be incorporated by reference.

<sup>40</sup> The same analogy could be made between the Sprint-Mo and GTE areas of Jefferson City and Columbia, along with a myriad of others.

1           The relevance of a competitor's marketing plans when applying to the Commission for  
2 the largest geographic area possible is obvious to Staff in the instant case. AllTel has requested  
3 conditional certification in the Big 3. It has stated that initially it will offer basic local service  
4 through resale. However "as market conditions warrant" AllTel "may engage in the construction  
5 or acquisition of facilities to be used in the provision of basic local services, thereby operating as  
6 a both a (sic) reseller and facilities-based provider of basic local exchange service."<sup>42</sup>

7 **Q.     What do you envision happening if SWBT prevails in the instant case?**

8 A.     In circumstances like the St. Peters/St. Charles example, if SWBT prevails with its  
9 clarifying footnote in this Case, I would envision the competitor to initially apply for  
10 certification in GTE's area only. This is for reasons that to me seem obvious – the competitor  
11 would want to charge the GTE switched access rate so long as it operated only in GTE's area. If,  
12 as in my example, the competitor expanded its operations to St. Charles it would have to file  
13 another application for SWBT's area. In either case, absent showing the Commission some cost  
14 justification to charge two different sets of rates, the competitor would be required to lower its  
15 switched access rates to that of SWBT, again because SWBT's is the lower of the two. If SWBT  
16 prevails in this case, at best I would expect SWBT's "clarifying footnote" to have a chilling  
17 effect on competitors. At worst, I would expect to see more future applications than what there  
18 otherwise would be, possibly separate applications from each competitor for providing service in  
19 each of the Big 3 territories. From my perspective, such processes would be cumbersome and not  
20 administratively efficient for the MoPSC, the OPC, competitive applicants, nor potential

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<sup>41</sup> This is of course unless, pursuant to the stipulation, the competitor petitioned the Commission to charge two different sets of access rates as previously described, and the Commission approved these different rates.

<sup>42</sup> Case No. TA-99-298 RE: *In the Matter of the Application of ALLTEL Communications, Inc. For a Certificate of Service Authority to provide Basic Local Telecommunications Service in portions of the State of Missouri and to classify said services and the company as competitive.* Application For Certificate of Service Authority and for Competitive Classification, para 4.

1 intervenors. I renew my previous support and recommendation to the Commission for approval  
2 of Alltel's certificate, as stated in my rebuttal testimony.

3 **Q. Is SWBT financially any worse off if, as in the above example, a competitor provides**  
4 **facilities-based service in St. Peters with its access rates set to that of the incumbent, GTE?**

5 A. No. SWBT is no better or no worse off than it was prior to the competitor's "setting up  
6 shop" in St. Peters. To the extent that it gains customers in St. Peters, the competitor is merely  
7 taking customers away from GTE.<sup>43</sup> SWBT intraLATA toll calls terminated to the competitor's  
8 end-user customers are billed by the competitor to SWBT at the same rate as GTE bills SWBT  
9 when SWBT intraLATA toll calls terminate to GTE end-user customers.

10 **Q. Schedule 6-1 of Ms. Hollingsworth's testimony contains a portion of Staff witness**  
11 **Sherri Murphy's, Rate and Tariff Examiner III, testimony in support of the application of**  
12 **Dial & Save. Ms. Hollingsworth uses Ms. Murphy's testimony to support SWBT's**  
13 **contention that AllTel should not be classified as a competitive company "unless it agrees to**  
14 **the same access rate cap which every other company has agreed to in their basic local**  
15 **certification cases through the use of the standard stipulation and agreement."**<sup>44</sup> Ms.  
16 **Hollingsworth then proclaims that "[O]ne can only imagine the levels which would be**  
17 **imposed by a "competitive" company not subject to cost support or maximum charges."**

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<sup>43</sup> Conventionally, competition lowers prices and increases demand. Any potential payment increases facing SWBT would be dependent on the extent to which local exchange competition has increased the quantity of access lines and conversation minutes associated with switched access service. Such evidence, if it exists, is not known to the Staff who believes that in all likelihood, switched access usage is currently increasing among all local exchange carriers. Staff believes that a review of the tariff rates charged by competitors in Missouri would show prices comparable to that of the incumbents. A visible exception is with pre-paid local service providers who, in something of an irony, appear to have gained the most customers among all competitors. Presently, the benefits of competition in Missouri appear to be more evident in terms of a consumer's choice of service provider, service bundling, wider and more divergent calling scopes, diversity of service offerings (especially promotions), and lower long-distance rates of incumbent LEC and traditional interexchange toll providers.

<sup>44</sup> Hollingsworth Rebuttal; page 12, line 15.

1 Is this an accurate characterization of the certification processes you have described in  
2 your testimony, and are SWBT's concerns unfounded?

3 A. No, this is not an accurate characterization of the certification process and I believe  
4 SWBT's concerns are unfounded. For example, "every other company" has not "agreed" to the  
5 standard stipulation and agreement and of the 78 who have, only the 18 who have signed the  
6 "clarifying footnote" stipulation appear to "agree" with SWBT's interpretation of a "single  
7 statewide cap" as expressed in SWBT's "clarifying footnote." As I have previously stated, 7 of  
8 the 85 conditional certificates have been granted in cases not involving intervenors. Six (6) of  
9 these 7 certificates have involved competitors who applied to serve in SWBT's service area,<sup>45</sup>  
10 and SWBT did not intervene. In all 7 of these cases, pursuant to the Staff's recommendation, the  
11 Commission has conditioned the C-LEC's competitive classification on capped switched access  
12 rates. For example, the following is taken, with emphasis added, from the Commission's Order  
13 Case No. TA-98-176 (with emphasis added):

14 Staff's original recommendation, filed on March 23, 1998, recommended that  
15 Tel-Link be granted competitive classification but that its certificate of service  
16 authority be conditioned upon restrictions on its access rates. Although Tel-  
17 Link currently intends to offer only resold services, Staff proposes that, if Tel-  
18 Link later provides access service, its originating and terminating access rates  
19 be no greater than the lowest Commission-approved corresponding access rates  
20 in effect at the date of certification for the large incumbent local exchange  
21 company within whose service area Tel-Link provides service.<sup>46</sup>  
22

23 In its Order, the Commission concluded:

24 That Tel-Link, L.L.C.'s certification and competitive status are conditioned  
25 upon its rates for originating and terminating access being no greater than the  
26 lowest Commission-approved corresponding access rates in effect at the date

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<sup>45</sup> The single exception is Case No. TA-98-380, Green Hills Telecommunications Services, who requested service authority only in the Sprint-Mo. and GTE service areas.

<sup>46</sup> RE: *In the Matter of the Application of Tel-Link, L.L.C., for a Certificate of Service Authority to Provide Basic Local Telecommunications Service in the State of Missouri and to Classify Said Services and the Company as Competitive*. Order Granting Certificate of Provide Basic Local Telecommunications Services, page 6.

1 of certification for the large incumbent local exchange company within whose  
2 service area Tel-Link, L.L.C. provides service.<sup>47</sup>  
3

4 SWBT should recognize that Staff is just as concerned about runaway switched access charges as  
5 is SWBT.

6 **Q. Ms. Hollingsworth states that SWBT does not oppose AllTel's certification, and is**  
7 **"willing to enter into the same stipulation and agreement with ACI which SWBT and the**  
8 **Commission Staff have agreed to with every other CLEC requesting basic local**  
9 **certification..."**<sup>48</sup> **She also indicates that AllTel seeks "different terms and conditions than**  
10 **what every other CLEC" has been granted.**<sup>49</sup> **You indicated in your rebuttal testimony**  
11 **that you though AllTel was also willing to enter into the "standard" stipulation.**<sup>50</sup> **Why, in**  
12 **your opinion, were the parties unable to enter into the "standard" stipulation and**  
13 **agreement?**

14 **A.** Because there is nothing "standard" in SWBT's version of the stipulation and agreement.  
15 As I have pointed out, SWBT has entered into many stipulations without the "clarifying  
16 footnote"; one as recently as December 2, 1998. Of those companies who have signed a  
17 "clarifying footnote" stipulation, only Gabriel appears to be providing facilities-based service  
18 (only in SWBT's service area and so is unaffected by the footnote); the rest are resellers. I can  
19 only surmise that SWBT has recently begun to insist that all stipulations must contain the  
20 "clarifying footnote". Apparently, AllTel is simply the first competitor to refuse to enter into an  
21 agreement which sets its switched access rate cap at SWBT's rate, no matter the circumstances  
22 of where AllTel is actually providing facilities-based service.

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<sup>47</sup> Id. page 10, Ordered item # 7.

<sup>48</sup> Hollingsworth Rebuttal; page 3, line 8.

<sup>49</sup> Id. page 3, line 13.

<sup>50</sup> Voight Rebuttal; page 3, line 12.



1 Q. Ms. Hollingsworth states that AllTel interprets the stipulation in a manner  
2 “contrary to the interpretation of the Commission...”<sup>51</sup> She also states that “the  
3 Commission understood that a single, statewide cap on access rates was contemplated,”<sup>52</sup>  
4 and that “the Commission approved a single, statewide cap on CLECs access rates.”<sup>53</sup>  
5 Do you believe Ms. Hollingsworth gives an accurate assessment of the Commission’s  
6 “understandings”, “interpretations”, and “approvals”?

7 A. No. I have reviewed each of the Commission Order’s pertaining to C-LEC certificates  
8 and I do not believe the Commission has such “understandings”.

9 Q. Please explain.

10 A. A review of the Commission’s Orders indicates that they are entirely consistent with the  
11 original TCG stipulation and subsequent Order,<sup>54</sup> the original AT&T stipulation and subsequent  
12 Order,<sup>55</sup> and the original Dial U.S. stipulation and subsequent Order.<sup>56</sup> With each company’s  
13 name and dates accounting for the only difference, the Commission’s Orders state as follows  
14 (emphasis added).

15 [Company] has agreed that, unless otherwise ordered by the Commission, its  
16 originating and terminating access rates will be no greater than the lowest  
17 Commission-approved corresponding access rates in effect at the date of  
18 certification for the large incumbent LECs within those service areas in which  
19 [company] seeks to operate.  
20

21 In its Conclusions of Law in each of the above cases, the Commission determined:

22 Based upon the information contained within the Stipulation and Agreement of  
23 the parties, *the supporting information offered at the hearing* on [date] and on

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<sup>51</sup> Hollingsworth Rebuttal; page 6, line 22.

<sup>52</sup> Id. page 8, line 16

<sup>53</sup> Id. page 11, line 15

<sup>54</sup> Case No. TA-96-345; TCG was the first competitor to file a stipulation.

<sup>55</sup> Case No. TA-96-322; AT&T was the first competitor to file an application.

<sup>56</sup> Case No. TA-96-347; Dial U.S. was the first competitor to receive tariff approval.

1 its findings of fact, the Commission concludes that the Stipulation and  
2 Agreement should be approved.  
3

4 **Q. Why have you emphasized the words from the Commission's Orders?**

5 A. The original TCG stipulation stated that the access cap would be set at a rate no greater  
6 than the lowest rate of the large LEC(s) where the competitor "*seeks authority to provide*  
7 *service.*" <sup>57</sup> I believe the Commission initially had some questions about the meaning of these  
8 words in determining precisely what the cap should be. I believe these initial questions were  
9 addressed and the meaning of the cap clarified for the Commission in the early on-the-record  
10 presentations. This is evident from the various Staff testimony cited in the Schedules of Ms.  
11 Hollingsworth's rebuttal testimony and addressed by me in this surrebuttal.

12 The emphasized language above (where the competitor seeks to operate), is the  
13 Commission's own language. Ms. Dale used the term "*seeks to compete*" to describe the basis of  
14 establishing the cap in her on-the-record presentation in the TCG Case. In the Dial & Save Case,  
15 John Van Eschen described the cap as applying wherever the applicant is "*offering service*".  
16 Nowhere do any of the Parties or witnesses characterize the cap as applying to where the  
17 competitor seeks to operate; only the Commission uses this term to describe its understanding of  
18 how the stipulation establishes the basis of where the cap should be set for competitive  
19 companies. To the extent that the Commission may have had uncertainties about the cap's  
20 application prior to these on-the-record presentations, I'm convinced the uncertainties were  
21 cleared up after the on-the-record presentations. Contrary to Ms. Hollingsworth's statements  
22 about the Commission's rulings on a single, statewide cap regardless of where the competitor is  
23 operating, I believe that from the very beginning the Commission has always contemplated a cap

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<sup>57</sup> All 78 stipulations have used the words [where the applicant] "*seeks authority to provide service*" as a basis to determine where to set the cap on switched access rates.

1 that would be set according to the lowest rate of the incumbent in whose territory the competitor  
2 is *operating*, and not the territory where the competitor holds a conditional certificate.

3 **Q. Ms. Hollingsworth states that AllTel is apparently under the mistaken belief that the**  
4 **standard stipulation and agreement permits AllTel to “have up to three sets of**  
5 **geographically deaveraged access rates, depending upon which incumbent LEC’s exchange**  
6 **it is operating in”<sup>58</sup> and that AllTel believes the stipulation would permit AllTel to “have**  
7 **three separate sets of access rates, each capped and geographically de-averaged depending**  
8 **on where the CLEC is providing service.”<sup>59</sup> How do you respond to SWBT’s concerns**  
9 **about geographic deaveraging?**

10 A. Much has been said about geographic deaveraging in the context of competitive,  
11 facilities-based competition in general and exchange access in particular. Mr. Van Eschen  
12 alluded to the initial controversies among the signatory parties in his answer to Judge Bensavage  
13 as shown in Schedule 5-3 of Ms. Hollingsworth’s rebuttal testimony when he indicated: “[A]nd  
14 rather than address that particular issue at this time, the footnote talks about just capping the  
15 rate...” The relevant statute appears in Section 392.200 (4) and is too lengthy to repeat here.  
16 From Ms. Hollingsworth’s above statement, it would appear that SWBT has concerns about the  
17 possibility of competitors deaveraging exchange access service.

18 **Q. What is your understanding of the term “geographic deaveraging”?**

19 A. Geographic deaveraging is the practice of establishing more than one rate for the same  
20 service based solely on the geographic area where the service is offered.

21 **Q Is geographic deaveraging prohibited by statute?**

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<sup>58</sup> Hollingsworth Rebuttal; page 4, line 13

<sup>59</sup> Id. page 7, line 15

1 A. No; however, it is my understanding that any company proposing to geographically  
2 deaverage its rates must show that such practices are in the public interest.

3 **Q. Can you give an example of where a company charges different rates based on**  
4 **where subscribers are located?**

5 A. Yes. An example could be found in SWBT's PSC Mo. No. 24 Local Exchange Tariff.  
6 This tariff, along with those of other local exchange carriers charge subscribers a different rate  
7 based on their location. The practice is sure to have been established long ago, not only for  
8 SWBT, but other incumbents as well. In my experience at the Commission, the reason most  
9 often stated for charging a higher rate for local exchange service in say, for example, Kansas  
10 City than Fulton, is because the customers in Kansas City are able to call a much wider area or,  
11 are at least able to call many more customers. Such practices have been found by the  
12 Commission to be in the public interest. I believe that such practices are sometimes referred to as  
13 "value of service" pricing. That is to say, the greater the number of subscribers that can be called,  
14 the greater the value received from the service; therefore, a higher rate is in the public interest  
15 and therefore justified. A copy of SWBT's basic exchange tariff sheet is attached to my  
16 testimony as Schedule 7-1.

17 **Q. How does the standard stipulation address geographic deaveraging?**

18 A. First, as previously stated, the standard stipulation contemplates establishing a cap at the  
19 lowest rate of the Big 3 for those territories where the competitor is providing service. This  
20 process establishes a single rate and geographic deaveraging is not an issue. Once the rate cap is  
21 established, if the competitor desires to go above the rate cap, the C-LEC must abide by the  
22 Commission's Orders which condition the certificate on the continued applicability of Section  
23 392.200 and on a requirement that any increases in switched access rates above the maximum

1 allowed (i.e. the cap) “must be cost-justified pursuant Sections 392.220 and 392.230 rather than  
2 392.500 and 392.510.<sup>60</sup>

3 **Q. As a non-attorney, what is your understanding of what this means?**

4 A. Fundamentally, it means that as a competitively classified company, the C-LEC is not  
5 allowed to have rate bands for its switched access services, and is not allowed to increase its  
6 switched access rates with a 10-day tariff filing, as it is allowed to do for the rest of its services.  
7 Rather, the competitor would have to cost-justify any proposed rate increase for switched access  
8 services. This process would be initiated by a 30-day tariff filing and be subject to suspension. It  
9 is my understanding that this part of the stipulation is unique to the switched access rates of  
10 competitively classified companies.

11 The stipulations and Commission Orders also recognize the continued applicability of  
12 Section 392.200 which contains the geographic deaveraging statute. It is my understanding that  
13 this statute applies to all telecommunications companies, and is not necessarily unique to  
14 competitively classified companies. Again, this statute would require that a competitor show that  
15 charging two or more rates, for the same service, based solely on the geographic area of the  
16 service, is in the public interest.

17 **Q. Is Staff opposed to facilities-based competitive local exchange companies charging 3  
18 different rates for switched access service, based solely on what the incumbent charges?**

19 A. No. Staff believes that until a long-term solution is implemented, such an approach is the  
20 most equitable.

21 **Q. Doesn't such an approach conflict with what Staff has always said about the  
22 importance of a cap?**

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<sup>60</sup> Order Granting Certificate, Case No. TA-96-345 TCG. All references are to RSMo Cum. Supp. 1996

1 A. No. Staff has never advocated a “single, state-wide” cap. As I’ve indicated, the issue is  
2 not whether to have a cap, but what the cap should be. Staff continues to believe in the  
3 importance of capped switched access rates, and will continue to enforce those provisions in the  
4 stipulation and agreements. What I’m now referring to is that part of the stipulations which,  
5 pursuant to Section 392.200, allow the competitor to make a showing that geographic  
6 deaveraging of switched access rates is in the public interest. As Staff Suggestions in Support of  
7 the Stipulations have acknowledged, Section 392.200 gives the Commission the authority to  
8 allow such deaveraged rates. I’m also talking about that part of the stipulations which allows the  
9 competitor to escape from the cap by petitioning the Commission to charge a rate above the cap.

10 **Q. During the original stipulation negotiations, wasn’t Staff the focal point in insisting**  
11 **on addressing the geographic deaveraging portion of the statutes?**

12 A. Perhaps, but I think it unlikely and at any rate, I do not recall. Additionally, I do not  
13 believe the cost justification aspect of the competitor’s public interest showing can be attributed  
14 to Staff.

15 **Q. Why do you believe it unlikely that Staff was the focal point of the geographic**  
16 **deaveraging aspect of the stipulation and agreements?**

17 A. As I’ve indicated, there have been seven (7) competitive local exchange certification  
18 cases in which there were no intervenors, and subsequently no stipulations. Staff has written  
19 recommendations to approve all 7, and the Commission has approved all 7. None of these  
20 recommendations to the Commission contained the geographic deaveraging aspect of the  
21 stipulations and no references to cost justify rates were made by Staff. If the geographic  
22 deaveraging language was a priority with Staff, we would be including it in our  
23 recommendations.

1 Staff believes that the companies can, at any time, avail themselves of the permissive  
2 language of the statute by filing tariffs for geographically different rates, with or without any  
3 Staff mention of this possibility.

4 **Q. In cases involving no intervenors are there any items contained in the Staff's**  
5 **recommendations that are also contained in the standard stipulation and agreements?**

6 A. Yes. Staff continues to recommend that the Commission condition the certification on the  
7 standard switched access cap wording which sets the rate at the lowest of the Big 3, but Staff  
8 does not recommend the Commission condition the certificate on cost justification of rate  
9 increases, nor does Staff address geographic deaveraging.

10 **Q. Without the geographic deaveraging language limiting the company's ability to**  
11 **increase switched access rates above the cap, couldn't the competitive company just**  
12 **increase its switched access rates on 10-days notice to the Commission?**

13 A. No, the geographic deaveraging language is the mechanism which allows a competitor to  
14 escape from the cap. Without the language, the competitor is obligated to charge a rate no higher  
15 than the lowest of the Big 3 where it is providing service. In any regard, the seven  
16 recommendations routed by Staff in cases of no intervention are believed to be resellers who do  
17 not have switched access tariffs.

18 **Q. Could the Commission suspend a competitive company's tariff proposal to increase**  
19 **rates?**

20 A. Yes, the statutes contemplate such action if the Commission deems it appropriate. Indeed,  
21 the Commission has done so.<sup>61</sup>

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<sup>61</sup> Case No. TT-99-111. RE: Max-Tel Communications, Inc. Increased Rate for Caller Identification, Service Restoral Charge, and to Implement Call Trace Service.

1 **Q. Is the nonunanimous stipulation and agreement entered into between Staff and**  
2 **AllTel in this case a “standard stipulation”?**

3 A. No. There are three elements which have been changed by Staff and Alltel from that  
4 “standard stipulation” that I have discussed throughout this testimony. The following italicized  
5 wording represents the only changes from a “standard” (i.e. no “clarifying footnote”) stipulation.

6  
7 Notwithstanding the provisions of Section 392.500, RSMo 1994, as a  
8 condition of certification and competitive classification, ACI agrees that,  
9 unless otherwise ordered by the Commission, its originating and terminating  
10 access rates will be no greater than the lowest Commission-approved  
11 corresponding access rates in effect *at the date of certification* for the large  
12 incumbent LEC(s) *for each service area* within which the Applicant seeks  
13 authority to provide service.  
14

15 The service authority and service classification for switched exchange access is  
16 expressly conditioned on the continued applicability of Section 392.200 and  
17 the requirement that any increases in switched access service rates above the  
18 maximum switched access service rates set forth herein shall be *cost-justified*  
19 *and be* made pursuant to Sections 392.220 and 392.230 and not Sections  
20 392.500 and 392.510.  
21

22 **Q. What changes are represented in the above language?**

23 A. The top paragraph contains two changes: 1) the words “at the date of certification” have  
24 been removed from the AllTel stipulation and the words “for each service area” have replaced  
25 the words “within those service area(s)” contained in previous stipulations. In the bottom  
26 paragraph, the words “cost-justified” have been removed from the AllTel stipulation. These are  
27 the only changes from previous stipulations presented to the Commission.

28 **Q. What do the changes represent?**

29 A. By removing the words “at the date of certification” the stipulation removes a situation  
30 where the incumbent could lower its switched access rates, and the competitor’s rates would not



1 be lowered because the rates are those of the incumbent on the date the C-LEC was certificated.  
2 The other change in the top paragraph would allow AllTel to geographically deaverage its rates  
3 and charge the rates of the Big 3 in each area it was operating upon approval of the Commission  
4 pursuant to Sections 392.220 and 392.230. The final change, in the bottom paragraph, would  
5 remove the cost justification associated with proposed rate increases.

6 **Q. Why does Staff support the changes?**

7 A. Staff believes the changes represent the most equitable manner of setting switched access  
8 rates for facilities-base competitors until a long-term solution can be achieved.

9 **Q. Does this conclude your surrebuttal testimony?**

10 A. Yes, it does.

Status of Missouri Local Exchange Certificate Applications and Interconnection/Resale Agreements

APPLICANT	LOCAL CERTIFICATE APPLICATION					MEETS FINANCE TEST		ARBITRATION			INTERCONNECTION/RESALE AGREEMENT				TARIFFS	
	Filed	Case No.	Staff	Stip Filed	Order Issued	No. Ltr Sent	Yes, Received	Filed	Case No.	Order Issued	Filed	Case No.	Staff	Order Issued	Submitted	Approved
1 AT&T	03/29/96	TA-96-322	Matt	09/23/96	02/21/97			07/29/96	TO-97-40 (SWB) Modified	12/11/96 01/22/97	10/14/97	TO-97-40(SWB)	John	11/05/97	08/22/97	Withdrawn
								08/15/96	TO-97-63 (GTE) Modified	12/10/96 01/15/97	02/03/97 06/12/98	TO-97-63(GTE) Re-filed	Tony Tony	07/22/98		
								09/10/97	TO-98-115(SWB) 2nd Compulsory		03/04/98	TO-98-115(SWB)	Dan/Tony	03/19/98		
2 TCG St. Louis (SWBell)	04/18/96	TA-96-345	Matt	09/16/96	02/11/97			07/16/96	TO-97-21 (SWB) Dismissed/Closed		10/10/97	TO-98-154(SWB) Adopt Brooks Interconnection	Bill	12/02/97	09/16/97	02/03/98
TCG St. Louis (GTE)	04/09/97	TA-97-446	Matt	07/08/97	12/18/97			05/28/97	TO-97-511(SWB) Dismissed/Closed		09/02/98	TO-99-94(GTE) Adopt Dial US/GTE	Art	11/25/98		
								07/11/97	TO-98-14(SWB) Closed 10/28/97							
3 Cable-Laying Co d/b/a Dial U.S.	04/19/96	TA-96-347	Matt	09/25/96	12/20/96						06/17/96 01/31/97 04/28/97	TO-96-440 (SWB) TO-97-297 (GTE) TO-97-477(SPR)	Ben Gay Dan	09/06/96 04/15/97 07/25/97	12/20/96	12/31/96
														Conditional		
4 Kansas City Fiber Network L.P.	04/24/96	TA-96-354	Lisa	10/30/96	1/14/97											
5 MCI Metro Access Trans Svc	04/24/96	TA-96-355	Anthony	09/23/96	02/21/97			08/16/96	TO-97-67(SWB) Modified	12/10/96 01/22/97	10/14/97	TO-97-67(SWB) (unsigned)	Tony		09/17/98	5/12/99
								1/28/99	TO-99-319(SWB)		04/24/98	TO-98-200(SWB)	Tony	07/22/98		
6 MFS Intelenet of Mo. Inc.	05/07/96	TA-96-374	Anthony	09/23/96	02/28/97			07/17/96	TO-97-23 (SWB)	11/06/96	07/18/96	TO-97-27 (SWB) Partial	Anthony	10/18/96	08/13/97	10/02/97

APPLICANT	LOCAL CERTIFICATE APPLICATION					MEETS FINANCE TEST		ARBITRATION			INTERCONNECTION/RESALE AGREEMENT				TARIFFS	
	Filed	Cnse No.	Staff	Stip Filed	Order Issued	No. Ltr Sent	Yes, Received	Filed	Case No.	Order Issued	Filed	Case No.	Staff	Order Issued	Submitted	Approved
7 Digital Teleport Inc.	05/31/96	TA-96-406	Phil	09/23/96	02/28/97						08/06/97 10/06/97 03/11/98	TO-98-52(SWB) TO-98-145(SPR) TO-98-388(GTE)	Phil Phil Phil	10/29/97 12/31/97 06/04/98		
8 Ameritech Communication	05/31/96	TA-96-415	Catherine	09/23/96	02/28/97						08/12/97	TO-98-61(SWB)	Catherine	11/04/97	08/27/97	12/03/97
9 Sprint Comm. Co. L.P.	06/06/96	TA-96-424 Bifurcated App 8/21/96	Anthony	09/23/96	02/28/97			09/20/96	TO-97-119 (SWB) Withdrawn/Closed 11/22/96		07/01/98	TO-99-1(SWB) Adopt AT&T/SWB	Tony	09/15/98	08/26/98	10/07/98
Sprint Comm Co L.P. (Sprint on Sprint)	01/14/97	TA-97-269	Anthony	08/01/97	04/21/98			09/25/96 4/13/99	TO-97-124 (GTE) TO-99-461(SWB)	01/15/97	02/19/97 09/01/98	TO-97-124 (GTE) Re-filed	Laura Tony	11/25/98		
10 Brook Fiber Com of Mo Inc.	06/17/96	TA-96-438	Sherri	09/23/96	02/28/97						02/06/97 02/19/97	TO-97-304 (SWB) TO-97-334 (SWB)	Sherri Sherri	04/18/97 05/15/97 07/15/97	05/13/97	07/08/97
11 American Comm Svc of KC Inc	06/17/96	TA-96-455	Charlie	10/15/96	03/19/97						05/06/97	TO-97-487(SWB)	Charlie	07/31/97	07/28/97	08/27/97
12 Dial & Save	07/05/96	TA-97-7	Sherri	10/03/96	05/27/97											
13 Excel Telecom	07/05/96	TA-97-8	Art	10/03/96	05/27/97											
14 Consolidated Comm Telecom (Merged w/McLeod)	07/19/96	TA-97-31	Anthony	10/07/96	01/03/97											

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15 US Long Distance	09/04/96	TA-97-90	Laura	02/28/97	03/18/97 Withdrawn 08/20/98						09/09/96	TO-97-94 (SWB)	Laura	12/02/96	04/18/97 09/22/97	Withdrawn Withdrawn
16 GE Capital Comm	10/11/96	TA-97-148	Catherine	01/06/97	07/09/97											
17 ExOp of Mo Inc	11/13/96	TA-97-193	Bill	05/19/97	11/25/97						03/10/98	TO-98-382(SPR)	Sherri	06/03/98	10/05/98	12/15/98
18 Fast Connections	11/15/96	TA-97-196	Phil	03/20/97	04/09/97						10/10/96	TO-97-147 (SWB)	Phil	12/27/96	06/05/97 11/24/97	Withdrawn 01/06/98
19 Onyx Diet Co d/b/a Missouri Comm South	11/20/96	TA-97-203	Charlie	06/16/97	10/08/97						04/08/97 06/25/98 4/21/99	TO-97-447 (SWB) TO-98-583(SPR) TO-99-477(SWB)	Charlie Sherri Sherri	06/10/97 09/16/98	11/14/97	12/23/97
20 Microwave Svcs Inc	12/13/96	TA-97-235	Phil	06/13/97	Dismissed 07/21/98											
21 Digital Svcs Corp d/b/a D.S.C.	12/13/96	TA-97-236	Laura	06/13/97	Dismissed 07/21/98											
22 Local Line America Inc	12/20/96	TA-97-251	Phil	05/20/97	09/11/97						07/07/98	TO-99-13(GTE)	Phil	10/01/98		
23 Intermedia Comm Inc.	01/07/97	TA-97-264	Tony	05/16/97	09/30/97						01/02/97	TO-97-260 (SWB)	Tony	03/07/97	10/14/97	12/09/97
24 Max-Tel Comm	02/21/97	TA-97-342	Phil	05/06/97	06/06/97						05/15/97 04/27/98 06/25/98	TO-97-501(SWB) TO-98-482(SPR) TO-98-581(GTE)	Phil Phil Tony	07/15/97 07/16/98 09/22/98	06/09/97	12/02/97
25 Preferred Carrier Svcs	02/24/97	TA-97-347	Dan	06/13/97	09/18/97						01/31/97 1/20/99 12/1/98	TO-97-295 (SWB) TO-99-307 (GTE) TO-99-242(SPR)	Dan Sherri Art	04/18/97 4/15/99 2/4/99	07/28/98	09/30/98

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	Filed	Case No.	Staff	Slip Filed	Order Issued	No. Ltr Sent	Yes, Received	Filed	Case No.	Order Issued	Filed	Case No.	Staff	Order Issued	Submitted	Approved
26 Birch Telecom of Mo	03/07/97	TA-97-372	Catherine	05/16/97	10/28/97			12/31/97	TO-98-278(SWB)	04/24/98	08/27/97 05/26/98	TO-98-102(SWB) TO-98-278(SWB) Final	Catherine	11/18/97 06/25/98	01/21/98	02/18/98
27 QCC, Inc	03/13/97	TA-97-380	Art	07/16/97	12/23/97						06/13/97	TO-97-539(SWB)	Charlie	09/03/97	03/19/98	07/22/98
28 Local Fone Service, Inc.	04/04/97	TA-97-411	Lisa	05/29/97	07/08/97						06/03/97	TO-97-519(SWB)	Charlie	08/29/97	07/17/97	Withdrawn
29 Winstar Wireles of Mo, Inc.	04/04/97	TA-97-438	Sara	06/19/97	12/18/97						12/19/97	TO-98-249(SWB)	Laura	03/18/98	10/27/98	4/20/99
30 U.S. Teleo Inc	04/08/97	TA-97-444	Phil	06/27/97	09/16/97						10/30/97 03/25/98	TO-98-182(SWB) TO-98-405(SPR)	Phil Phil	01/21/98 06/10/98	02/13/98	03/26/98
31 Sterling Internat'l Funding d/b/a Reconex	04/11/97	TA-97-451	Sherri	06/30/97	10/07/97						12/10/96 04/20/98	TO-97-230 (SWB) TO-98-476(SPR)	Sherri Sherri	03/05/97 07/14/98	11/26/97	01/27/98
32 Midwestern Svcs L.C. d/b/a Midwestern Tel	04/23/97	TA-97-469	Charlie	09/04/97	12/02/97						04/21/97 4/12/99	TO-97-460 (SWB) TO-99-459(SWB)	Charlie Sara	07/03/97	04/25/97 12/17/97	Withdrawn 01/28/98
33 Tel-Save Inc. d/b/a Tel-Save Inc of Pennsylvania	05/05/97	TA-97-485	Lisa	07/24/97	08/12/97											

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	Filed	Case No.	Staff	Slip Filed	Order Issued	No. Ltr Sent	Yes, Received	Filed	Case No.	Order Issued	Filed	Case No.	Staff	Order Issued	Submitted	Approved
34 USA eXchange d/b/a OMNIPLEX	05/20/97	TA-97-506	Laura	09/12/97	10/29/97						06/16/97 11/07/97	TO-97-543(SWB) TO-98-193(GTE)	Laura Laura	09/10/97 01/27/98	11/13/97 03/04/98	01/28/98 04/15/98
35 Metro Connection d/b/a Transamerica	06/23/97	TA-97-556	Sherri	12/12/97	01/13/98											
36 LCI International	07/07/97	TA-98-8	Tony	09/12/97	10/15/97											
37 MiComm Svcs Inc.	08/28/97	TA-98-93	Phil	11/20/97	12/23/97											
38 Quintelco Inc.	09/09/97	TA-98-325	Tony	05/18/98	09/17/98						12/15/97	TO-98-240(SWB)	Tony	03/05/98		
39 Group Long Distance	09/10/97	TA-98-112	Sherri	None	05/07/98											
40 BellSouth BSE Inc	09/18/97	TA-98-124	Lisa	11/21/97	01/13/98											
41 GTE Comm. Corporation	10/09/97	TA-98-152	Tony	11/13/98	4/6/99						12/15/98	TO-99-271 (SWB)	Anthony	3/11/99		
42 Frontier Telemanagement	10/14/97	TA-98-161	Catherine	02/02/98	02/24/98						01/20/98	TO-98-298(SWB)	Catherine	04/15/98	04/20/98	06/09/98

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	Filed	Case No.	Staff	Stip Filed	Order Issued	No. Ltr Sent	Yes, Received	Filed	Case No.	Order Issued	Filed	Case No.	Staff	Order Issued	Submitted	Approved
43 Tel-Link L.L.C.	10/24/97	TA-98-176	George	None	08/27/98	06/26/98					06/10/98 07/24/98	TO-98-544(SWB) TO-99-37(SWB)	Art Art	Withdrawn 10/07/98	3/26/99	5/3/99
44 Broadspan Comm Inc.	10/30/97	TA-98-181	Phil	None	05/20/98			12/8/98	TO-99-257 (SWB) Dismissed 2/11/99		05/19/98 11/20/98	TO-98-518(SWB) TO-99-228(SWB)	Phil Phil	08/12/98 Withdrawn Dismissed 1/20/99	07/20/98	10/07/98
Broadspan Comm Inc	07/10/98	TA-99-22	Phil	10/06/98	10/28/98			3/1/99	TO-99-370(SWB)							
45 LDM Systems	06/13/97 11/13/97	TA-97-536 TA-98-199	Catherine Catherine	Withdrawn	Closed 10/97 09/15/98											
46 EZ Talk Comm LLC	11/06/97	TA-98-184	Dan	02/05/98	03/11/98						05/18/98 11/12/98	TO-98-517(SWB) TO-99-213(SPR)	Art Catherine	08/06/98 2/2/99	07/01/98	08/12/98
47 WorldCom Tech	11/13/97	TA-98-201	Sherri	12/18/97	12/23/97					Uses MFS Interconnection Agreement					11/13/97	12/23/97
48 Tin Can Comm "The Cube"	12/05/97	TA-98-231	Phil	02/17/98	06/03/98						05/18/98 05/22/98	TO-98-516(SWB) TO-98-528(SPR)	Phil Phil	08/06/98 07/21/98	07/30/98	10/15/98
49 TCG Kansas City	12/19/97	TM-98-253	Sherri	05/07/98	06/17/98						08/20/98	TO-99-71(SWB) Adopt Brooks/SWB	Sherri	11/12/98	07/07/98	1/14/99
50 Teligent, Inc	12/23/97	TA-98-258	Phil	05/28/98	09/09/98						1/7/99	TO-99-299 (SWB)	Phil	4/5/99		
51 McLeod USA Telecom	01/14/98	TA-98-288	Sherri	03/13/98	05/19/98						05/28/98	Assigned SWB/ Dial US TO-96-440	Sherri	06/30/98	05/28/98	06/30/98
52 Mark Twain Communications Co	01/22/98	TA-98-305	Laura	04/16/98	05/19/98						03/30/98	TO-98-410(GTE)	Laura	06/16/98	04/29/98	07/23/98
53 Frontier Local Services Inc	01/29/98	TA-98-318	Phil	05/12/98	07/15/98						05/29/98	TO-98-541(SWB)	Phil	08/27/98	10/28/98	12/29/98

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	Filed	Case No.	Staff	Stip Filed	Order Issued	No. Ltr Sent	Yes, Received	Filed	Case No.	Order Issued	Filed	Case No.	Staff	Order Issued	Submitted	Approved
54 RREN-TEL Comm., Inc.	02/02/98	TA-98-324	Art	08/28/98	11/17/98	06/23/98					1/7/99	TO-99-296 (SWB)	Art	3/4/99		
55 Atlas Comm. Ltd.	06/13/97 02/04/98	TA-97-535 TA-98-330	Gay Lisa	Withdrawn 06/11/98	Closed 10/97 07/07/98											
56 LDD, Inc.	02/09/98	TA-98-338	Sherri	07/08/98	09/29/98						05/01/98	TO-98-492(SWB)	Sherri	07/21/98	11/3/98	2/2/99
57 MAXCOM, Inc.	02/10/98	TA-98-339	Phil	05/14/98	07/15/98						12/17/98	TO-99-276 (SWB)	Phil	2/9/99	07/28/98	11/12/98
58 Dobson Wireless LOGIX	02/11/98	TA-98-342	Sarn	04/30/98	09/17/98						09/10/98	TO-99-101(SWB)	Laura	12/1/98	3/12/99	
59 Green Hills Telecom Svcs	03/09/98	TA-98-380	Lisa	None	07/07/98						06/25/98 08/21/98	TO-98-582(GTE) TO-99-75(SPR)	Lisa Lisa	09/22/98 11/17/98	12/11/98	1/6/99
60 Navigator Telecom LLC	03/10/98	TA-98-383	Phil	05/18/98	06/25/98						03/02/98 10/28/98 1/22/99	TO-98-375(SWB) TO-99-185(GTE) TO-99-311(SPR)	Phil Phil Phil	05/27/98 1/14/99 4/6/99	07/21/98	10/01/98
61 NOW Communication	03/12/98	TA-98-390	Catherine	06/03/98	08/05/98						03/11/98	TO-98-387(SWB)	Catherine	06/03/98	03/12/98	08/05/98
62 Megsinet-CLEC Inc	05/21/98	TA-98-524	Lisa	08/20/98	10/08/98	06/23/98										
63 digital broadcast network corp	05/29/98	TA-98-538	Tony	08/20/98	09/29/98	07/20/98										
64 Business Telecom Inc	06/09/98	TA-98-552	Catherine	09/16/98	10/08/98	09/28/98	10/08/98				10/01/98	TO-99-130(SWB)	Catherine	12/22/98		



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65 Choctaw Comm d/b/a Smoke Signal	06/18/98	TA-98-561	Art	12/7/98	12/22/98	06/25/98	12/7/98				10/19/98	TO-99-167(SWB)	Art	1/6/99	3/11/99	
66 MCI Metro Access Transmission LLC	06/22/98	TA-98-575	Natelle	09/30/98	10/27/98	07/01/98										
67 Suretel Inc	06/19/98	TA-98-568	Lisa	09/10/98	10/06/98	07/20/98					06/04/98	TO-98-548(SWB)	Lisa	08/13/98	12/15/98	1/28/99
68 Z-tel Comm	06/19/98	TA-98-572	Lisa	10/19/98	11/17/98	07/01/98										
69 M&S Telecom Inc	06/29/98	TA-98-584	Laura	Withdrawn Dismissed 10/01/98												
70 TCG Telecom Group	06/30/98	TA-98-589	Sherri	09/09/98	09/23/98		07/15/98									
71 NextLink Missouri Inc	08/04/98	TA-99-48	Natelle	12/2/98	1/12/99		08/07/98				12/11/98	TO-99-270(SWB)	Natelle	2/10/99		
72 Advanced Communications Group	08/07/98	TA-99-49	Laura	11/18/98	4/23/99		08/14/98				1/4/99	TO-99-291 (SWB)	Sara	2/10/99		
73 USN Comm Southwest Inc	08/07/98	TA-99-50	Catherine	10/23/98	11/12/98		08/14/98									
74 Universal Telephone	08/10/98	TA-99-52	Natelle	1/5/99	1/19/99	08/21/98	12/11/98				4/14/99	TO-99-463(SWB)	Natelle			
75 Supra Telecom and Info Systems	08/11/98	TA-99-54	Lisa		4/29/99		10/08/98									

APPLICANT	LOCAL CERTIFICATE APPLICATION					MEETS FINANCE TEST		ARBITRATION			INTERCONNECTION/RESALE AGREEMENT				TARIFFS	
	Filed	Case No.	Staff	Slip Filed	Order Issued	No. Ltr Sent	Yes, Received	Filed	Case No.	Order Issued	Filed	Case No.	Staff	Order Issued	Submitted	Approved
76 United States Telecom Inc	08/12/98	TA-99-58	Lisa	No Slip	1/12/99		08/17/98				11/10/98	TO-99-211(GTE)	Lisa	2/4/99	3/10/99	
											11/10/98	TO-99-212(SWB)	George	2/4/99		
											2/22/99	TO-99-358(SPR)	Anthony	5/11/99		
77 ACI Corporation	08/19/98	TA-99-67	Natelle	3/18/99			09/22/98									
78 The Pager Co	09/22/98	TA-99-115	Art	4/6/99	4/12/99		11/30/98				4/8/99	TO-99-448(SWB)	Art			
79 BarTel Comm Inc.	10/05/98	TA-99-138	Natelle	12/21/98	2/2/99		11/17/98				11/3/98	TO-99-199(SWB)	Natelle		12/30/98	2/10/99
80 JATO Comm Corp.	10/13/98	TA-99-148	George	2/16/99	3/25/99		11/17/98									
81 Camarato Dist Inc	10/13/98	TA-99-152	Clark				11/5/98				11/10/98	TO-99-210(GTE)	Clark	2/2/99		
82 DIECA Comm Inc	10/15/98	TA-99-159	Sherri	12/16/98	1/13/99		9/30/98									
83 Level 3 Comm LLC	10/19/98	TA-99-171	George	1/14/99	2/2/99		11/4/98				4/7/99	TO-99-446(SWB)	George			
84 Gabriel Comm Inc.	10/20/98	TA-99-173	Lisa	2/4/99	3/4/99		11/16/98				3/22/99	TO-99-400(SWB)	Lisa	5/4/99	3/22/99	5/4/99
85 Net-Tel Corp	10/23/98	TA-99-180	Sara		3/18/99		11/5/98				12/23/98	TO-99-282 (SWB)	George	3/16/99		
86 Simply Local Services, Inc.	11/9/98	TA-99-206	Sherri	2/26/99	3/23/99		11/25/98				2/5/99	TO-99-329(SWB)	Sherri	4/8/99		
87 Transwire MO Operations	11/23/98	TA-99-232	Sara		Withdrawn 11/29/98											
88 Quick-Tel Comm., Inc.	12/4/98	TA-99-250	George	2/24/99	4/15/99						3/26/99	TO-99-413(SWB)	George		3/26/99	

APPLICANT	LOCAL CERTIFICATE APPLICATION					MEETS FINANCE TEST		ARBITRATION			INTERCONNECTION/RESALE AGREEMENT				TARIFFS	
	Filed	Case No.	Staff	Slip Filed	Order Issued	No. Ltr Sent	Yes, Received	Filed	Case No.	Order Issued	Filed	Case No.	Staff	Order Issued	Submitted	Approved
89 U.S. One Communication	03/18/97	TA-97-390	Tony	Withdrawn Bankruptcy	Closed											
90 Work Net Communication, Inc	1/5/99	TA-99-292	Sara	4/26/99												
91 ALLTEL Communication, Inc	1/7/99	TA-99-298	Lisa													
92 Central Missouri Telecom, Inc.	1/27/99	TA-99-317	George	3/26/99	4/8/99						3/2/99	TO-99-372(SWB)	George	5/6/99		
93 TranStar Comm LLC	3/3/99	TA-99-375	Art	5/4/99							2/11/99	TO-99-343(SWB)	Natelle	4/13/99		
94 DMJ Comm	2/9/99	TA-99-337	Lisa	5/4/99		3/11/99					5/18/98	TO-98-515(SWB)	Anthony	8/6/98	2/9/99	
95 Pocal Comm Corp of MO	3/22/99	TA-99-403	Phil								8/12/98	TO-99-56(GTE)	Sherri	11/17/98		
96 Payroll Advance	3/23/99	TA-99-405	Natelle													
97 CCO Telecom, Inc	4/19/99	TA-99-473	Lisa													
98 TLC Next Generation	4/22/99	TA-99-486	Lisa													
99 Concert Comm Sales, LLC	4/23/99	TA-99-532														
100 Buy-Tel	5/10/99	TA-99-548	Phil								6/29/98	TO-98-586(SPR)	Art	9/23/98		
											7/1/98	TO-99-3(SWB)	Art	9/23/98		
											8/12/98	TO-99-55(GTE)	Art	9/29/98		
101 Missouri Telecom Inc.	5/10/99	TA-99-549	Sara													
102 Falcon/Capital Cable Parties, LP	5/11/99	TA-99-552	Lisa													

APPLICANT	LOCAL CERTIFICATE APPLICATION					MEETS FINANCE TEST		ARBITRATION			INTERCONNECTION/RESALE AGREEMENT				TARIFFS	
	Filed	Case No.	Staff	Stip Filed	Order Issued	No. Ltr Sent	Yes, Received	Filed	Case No.	Order Issued	Filed	Case No.	Staff	Order Issued	Submitted	Approved
*****																
INTERCONNECTION AGREEMENTS ONLY																
Tie Comm Inc.											11/13/96	TO-97-192(SWB)	Catherine	02/04/97		
Capital Telecom											02/13/97	TO-97-321 (SWB) Withdrawn/Closed	Charlie			
AT&T Wireless Svcs								02/28/97	TO-97-356(SWB) Stayed 05/01/97 Closed 08/22/97		04/25/97	TO-97-474(SWB)	Tony	07/16/97		
Ameritech Mobile Comm											06/04/97	TO-97-523(SWB)	Dan	08/27/97		
Sprint Spectrum L.P.											06/13/97	TO-97-533(GTE)	Tony	09/10/97		
											07/22/97	TO-98-29(SWB)	Tony	10/15/97		
Western Wireless Corporation											07/10/97	TO-98-12(SWB)	Phil	10/07/97		
U.S. Cellular Corporation											07/28/97	TO-98-37(SWB)	Gay	10/16/97		
											12/05/97	TO-98-230(GTE)	Catherine	02/25/98		
Dial Call, Inc. (Nextel Comm)											07/29/97	TO-98-41(GTE)	Catherine	REJECTED 10/17/97 APPROVED 12/16/97		
US West Interprise d/b/a INTERPRISE America, Inc.											07/29/97	TO-98-42(SWB)	Sherri	10/16/97		
CMT Partners											09/02/97	TO-98-96(SWB)	Laura	11/25/97		

APPLICANT	LOCAL CERTIFICATE APPLICATION					MEETS FINANCE TEST		ARBITRATION			INTERCONNECTION/RESALE AGREEMENT				TARIFFS	
	Filed	Case No.	Staff	Slip Filed	Order Issued	No. Ltr Sent	Yes, Received	Filed	Case No.	Order Issued	Filed	Case No.	Staff	Order Issued	Submitted	Approved
Ameritech Mobile Communications											10/08/97	TO-98-151(ALLT)	Tony	12/31/97		
											10/15/97	TO-98-163(GTE)	Laura	01/08/98		
ALLTEL Mobile Communications											10/10/97	TO-98-156(SWB)	Sherri	01/06/98		
Atlas MobilFone Communications											11/19/97	TO-98-209(GTE)	Catherine	02/11/98		
SWB Wireless Inc											11/25/97	TO-98-219(SWB)	Charlie	02/19/98		
											12/05/97	TO-98-232(SPR)	Charlie	02/26/98		
											09/02/97	TO-99-93(GTE Adopt GTE/Ameritech)	Catherine	11/25/98		
Dobson Cellular											12/09/97	TO-98-235(SWB)	Tony	02/25/98		
Aerial Comm Inc											01/30/98	TO-98-322(SWB)	Dan	04/29/98		
											11/12/98	TO-99-214(SPR)	Natelle	1/14/99		
Pre-Paid Local Access Phone Svc Co											07/10/98	TO-99-23(GTE)	Laura	10/07/98		
Sprint Spectrum											11/3/98	TO-99-198(SPR)	Tony	2/1/99		

APPLICANT	LOCAL CERTIFICATE APPLICATION					MEETS FINANCE TEST		ARBITRATION			INTERCONNECTION/RESALE AGREEMENT				TARIFFS	
	Filed	Case No.	Staff	Stip Filed	Order Issued	No. Ltr Sent	Yes, Received	Filed	Case No.	Order Issued	Filed	Case No.	Staff	Order Issued	Submitted	Approved
Nextel West											10/13/98	TO-99-149(SWB)	Lisa	1/6/99		
											11/24/98	TO-99-235(GTE)	Sheri	2/10/99		
NorthPoint Comm											10/19/98	TO-99-168(SWB)	Natelle	1/6/99		
Ernest Comm, Inc.											1/12/99	TO-99-301 (SWB)	Tony	3/23/99		
Connect!											1/21/99	TO-99-308 (SWB)	George			
											4/20/99	TO-99-476(SWB)	George			
dPi-Teleconnect LLC											3/3/99	TO-99-374(GTE)	George	5/11/99		
Pagenet, Inc								4/5/99	TO-99-436(SPR)	Sara						
ARB Missouri RSA No. 7 L.P.								12/21/98	TO-99-279 (SWB)							

FILED

OCT 30 1997

MEMORANDUM

MISSOURI  
PUBLIC SERVICE COMMISSION

To: Missouri Public Service Commission Official Case File  
Case No.'s TA-96-345 (Tariff File No. 9800213) &  
TO-98-154 (Tariff File No. 9800263) TCG St. Louis

From: William Voight - Telecommunications Department *WV*

*Wesley Henderson 10/30/97 Penny G Baker 10/30/97*  
Utility Operations Division/Date General Counsel's Office/Date

Subject: Staff Recommendation to Approve Tariffs and Interconnection Agreement  
and Staff's Response to SWBT's Application to Intervene

Date: October 30, 1997

I. Case No. TA-96-345 TCG St. Louis' Basic Local Tariff (P.S.C. Mo. No. 2) and Access  
Services Tariff (P.S.C. Mo. No. 3)

On September 16, 1997 TCG St. Louis (TCG, or Company) filed a tariff proposing to offer basic local exchange service and intraLATA toll service. At the request of the Telecommunications Department Staff (Staff), substitute sheets were filed on October 2, 1997 which changed the tariff from PSC Mo. No. 1 to PSC Mo. No. 2, due to the fact that PSC Mo. No. 1 (TCG's interexchange tariff) was already on file with the Commission. Also at the request of Staff, TCG filed substitute sheets for P.S.C. Mo. No. 2 on October 27, 1997. On October 3, 1997 TCG filed its Access Services Tariff, P.S.C. Mo. No. 3. TCG subsequently filed substitute sheets to P.S.C. Mo No. 3 on October 21, 27 and 29, 1997. Also on October 27, 1997 TCG submitted a request to cancel P.S.C. Mo. No. 1 upon approval of P.S.C. Mo. No. 3. The filings are in response to the Commission's Order in Case No. TA-96-345 RE: In the Matter of the Application of TCG St. Louis for a Certificate of Service Authority to Provide Basic Local Telecommunications Service in Those Portions of St. Louis LATA No. 520 Served by Southwestern Bell Telephone Company. The proposed tariffs reflect the basic local, intraLATA toll, private line, and access services and rates proposed by TCG. As ordered by the Commission, P.S.C. Mo. No.'s 2 and 3 also list the statutes and Commission rules waived by the Commission. TCG is a competitive telecommunications company and currently offers competitive local exchange and interexchange private line services pursuant to the Commission's Order in Case No. TA-94-160. With this filing, TCG proposes to begin offering basic local, intraLATA toll, and exchange access services. On October 23, 1997 TCG extended the effective dates of both tariffs to November 8, 1997.

**Basic Local Exchange Service (PSC Mo. No. 2)**

TCG proposes to offer basic local service to business customers only. As outlined in Sections 4.7, 4.8, and 4.9 of its tariff, TCG proposes to offer basic local service to business customers in the following manner:

PrimePath Service is TCG's marketing name for *single-line business service*, Key System Business Lines, and Business Trunks, depending on customer needs. The recurring rate for a standard single-line business line is \$34.85 per month (section 4.7.3). Features offered to enhance the basic service line include call forwarding variable, three way calling, call waiting, speed calling, call forward busy and call forward don't answer. PrimePath Service also offers business trunk service for \$38.68 per month and Direct Inward Dial (DID) service for \$78.71 per month.

PrimeXpress Network Service is TCG's marketing name for *digital DSI facility service* offering DID, Direct Outward Dial (DOD) and combinations of DID and DOD service with rates beginning at \$1150.00 per month, depending on term options and configurations. An option of PrimeXpress Network Service is the High Volume Inbound Calling Option which supports a maximum of two TCG rate centers within the TCG service area. The rate for this option is \$2000.00 monthly.

PrimeNBX Service is TCG's marketing name for *Centrex* service. This service allows intercommunication (intercom) among subscribers on a 4-digit basis. Service is provisioned using analog or digital facilities with a minimum of 24 lines. Individual line rates range from \$19.50 to \$24.75 per line per month, depending on configurations. Additionally, 33 line and system features are included as standard features with no additional charge. Examples of the additional features include call waiting, distinctive ringing, three-way calling, and paging access.

For each of its basic services, TCG concurs in the tariffs of Southwestern Bell Telephone Company (SWBT) for provisioning the local calling area as defined in the maps of SWBT reflecting base rate areas (TCG tariff section 4.4 and 4.5). Additionally, section 4.4.1 lists the SWBT exchanges in which TCG proposes to offer basic local service.

#### Other Tariff Provisions

*Message Telecommunications Service (MTS)* - TCG proposes to offer intraLATA long distance service under the marketing name of PrimePlus. The base rate for PrimePlus is \$0.1100 per minute, with volume and term discounts as delineated in tariff section 4.3.3. TCG does not propose to provide interLATA long distance service at this time. The Company proposes to offer intra and interLATA long distance presubscription to its customers as stated in tariff section 4.1.1 (D). TCG proposes a Primary Interexchange Carrier (PIC) change charge of \$10.00 per request.

*Operator Services* - Proposed rates for TCG's operator services are as follows:

customer dialed calling card	\$1.50
person to person	\$3.79
3rd number billed	\$1.79
all other operator assisted	\$1.50



*Directory Assistance Service* - TCG proposes to charge \$0.45 per request. As stated in section 5.2.2 (1), TCG does not charge for directory assistance in instances where the user is limited in his/her ability to use telephone directories. Additional operator services include busy line verification and interrupt service which are proposed at \$1.50 each.

*Resale of TCG services* - As outlined in section 3.9.1, TCG's services may be resold, provided that the reseller obtains all necessary regulatory approval.

*Billing and Collection of Charges* - Section 3.6.2 outlines the Company's billing and collection procedures. As stated in section 3.6.2 (B), the Company requires prepayment of monthly recurring charges. Monthly non-recurring charges are due and payable within 30 days after the date an invoice is mailed to the customer. Because TCG does not provide service to residential customers, Staff does not believe Commission rule 4 CSR 240-33.040 applies to TCG, although TCG's proposed method of billing is comparable to those methods employed by other competitive companies whose tariffs have been previously approved by the Commission.

*Discontinuance of Service* - Service may be discontinued for the reasons outlined in section 3.6.5. For customers who violate material terms or substantially fail to comply with the terms of a settlement agreement, TCG may discontinue service by giving 30 days notice, delivering a written notice 5 days prior to discontinuance, and making reasonable efforts to contact the customer 24 hours prior to discontinuance. Although these procedures appear to comply with the Commission's Discontinuance of Service Rule 4 CSR 240-33.070, Staff again does not believe this rule applies to business accounts.

*Vanity Telephone Numbers* - TCG offers vanity telephone numbers to new and existing customers as outlined in section 3.12 of its proposed tariff. There is a one-time charge of \$25.00 to convert an existing customer's number to a vanity number.

*Emergency Telephone Service (911)* - TCG proposes to provide access to 911 and E-911 service where available. As outlined in section 7.1 of its tariff, TCG proposes to provision emergency service consistent with the manner previously required of other competitive basic local telecommunications companies.

*Blocking Service* - As outlined in section 5.5.1, TCG's proposed tariff contains provisions which allow customers to restrict access from their telephone line to various discretionary services. Examples include: 900 number blocking, collect and third number billed calls, toll restriction (e.g. 1+, 0+, and 10XXX), and international call blocking. Additionally, the Company's tariff contains wording which provisions Caller I.D. blocking consistent with the Commission's regulations (section 5.5.2). There is no initial charge for blocking services; however, subsequent changes to blocking options will be assessed a one-time charge of \$8.00 per service order change.

*Telephone Number Intercept and Customer Requested Suspensions* - Section 5.7 contains the provision that TCG will, at the request of the customer, provide a recorded intercept announcement

which gives the new telephone number to callers when the called party has changed their telephone number. This number intercept service is offered at no charge for a minimum of 30 days. Staff believes TCG's intercept treatment is consistent with 4 CSR 240-32.050 (5). Additionally, customers having a need to temporarily suspend service for up to one year may have their number reserved without discontinuing the directory listing. The rate charged for customer requested suspension is the full service rate for the first month, and one half the normal monthly service rate for each additional month.

*Number Portability* - Section 6.1 contains TCG's interim number portability service which is designed to allow customers of TCG to "port" a TCG telephone number to another connecting local exchange company should a TCG customer desire to switch to another local exchange company. The connecting company may choose from two interim porting options: DID or Call Forwarding. There is a \$3.00 monthly charge to the connecting local exchange company for TCG to provide this service. **The Staff is not aware of other LECs in Missouri who have a tariff rate for this service.**

*Special Construction and Arrangements* - Section 3.13 details circumstances where TCG will charge customers for providing service in certain instances including situations where facilities are not presently available, where quantities requested are greater than normally furnished, where temporary service is provided until permanent facilities are available, and other situations not contemplated by TCG's tariff. In such instances, TCG's charges to the customer will be based on TCG's costs of construction.

*Promotions* - Section 3.15 provides that TCG may offer promotions subject to approval of the Commission.

*Dual Party Relay Service (DPRS)* - TCG will provide access to DPRS at tariffed rates. Additionally, TCG will provide, at cost, a Telephone Device for the Deaf (TDD) or similar device to customers needing such devices to communicate with the hearing population (section 4.1.1 (E)).

*Itemization of taxes and fees* - As stated in section 3.6.8, TCG will separately designate all taxes, fees, and charges as separate charges not included in the tariffed rate.

*Lifeline and LinkUp* - TCG does not offer these services to its customers.

### **Access Services (PSC Mo. No. 3)**

TCG's Access Services Tariff contains terms, conditions, and rates for both dedicated access (a/k/a private line or special access) and switched access. Essentially the proposed tariff sections 1 through 4 is devoted to private line access and only section 5 addresses switched access. Staff notes that under Missouri law, customer specific pricing is authorized for private line services; nevertheless, TCG has chosen to incorporate rates, terms and conditions of provisioning private line service in its tariff.

### TCG's Private Line Service

Commission oversight of private line services focuses on three areas: 1) assuring that terms and conditions are made equally available to all similarly situated customers 2) prices are not below cost and 3) copies of customer contracts are made available to the Commission and its Staff upon request. Staff believes that TCG's proposed private line tariff satisfies these requirements. For example, section 4.3.1 contains a statement that TCG will structure its private line rates to recover the Company's cost of providing the services and that TCG will make the services available to customers in a non-discriminatory manner. Further, TCG commits to making copies of specific contracts available to the Commission upon request on a proprietary basis.

### TCG's Switched Access Service

In the unanimous Stipulation and Agreement in its certification filing, Case No. TA-96-345, TCG agreed that its originating and terminating switched access rates would 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 services areas in which TCG seeks to operate. Hence, Staff believes TCG's switched access rates should be no greater than those of Southwestern Bell Telephone Company (SWBT).

TCG's proposed tariff contemplates that switched access may be provisioned by direct connection to the interexchange carrier (IXC), or through the facilities of the SWBT tandem office. TCG's proposed recurring rates are contained in section 5.4 (B) and (C) of its tariff. The rates for direct connection to IXCs are composed of a DS1 entrance facility, an optional common channel signaling facility, an end office minute of use (MOU) charge, and either direct trunk or tandem switched transport. Staff has analyzed TCG's prices and manner of provisioning switched access and the Staff concludes that TCG's proposed rates for switched access service are no higher than the rates charged by SWBT for similar services to IXCs and, as such, TCG is in compliance with the above referenced Stipulation and Agreement as more fully discussed below.

In making a comparison between TCG's access rates and those of SWBT, Staff notes that SWBT's proposal to restructure switched access local transport was denied by the Commission in Case No. TR-95-342. However, TCG's method of calculating switched access is premised on a manner similar to the method proposed by SWBT in Case No. TR-95-342. Specifically, TCG's method contemplates flat rate pricing of transport and entrance facilities in instances where SWBT's charges are based on actual MOUs. Further, there are rate elements utilized by SWBT which are not utilized by TCG and vice versa (for example, the carrier common line charge of SWBT and the end office charge of TCG). Plainly stated, the two companies' method of calculating switched access is different. For this reason the Staff has made certain assumptions in comparing SWBT's and TCG's switched access charges.

For example, TCG's entrance facility charge for a DS1 circuit is priced at \$146.00 for a one year contract. Assuming 9,000 MOUs per month yields a rate of \$.00068 (\$146 / 9000 mou / 24 channels) for a one minute entrance facility charge which, when added to TCG's end office charge of \$.018090, equals \$.018770 per minute for a switched access call originating or terminating on TCG's network. This contrasts with a SWBT charge of \$.031613 for a comparable call (adding the SWBT common line, local switching, and local transport 1 mile rate elements). Similar analysis reveals that when TCG's tandem switching and direct trunk transport rates are included, TCG's prices for switched access service continue to be lower than SWBT's. Based on these comparisons, Staff believes TCG's proposed access rates are no greater than those of SWBT.

## **II. Case No. TO-98-154 Interconnection Agreement between TCG St. Louis and SWBT**

On October 10, 1997 TCG St. Louis filed a *Notice of Adoption by TCG St. Louis of Interconnection Agreement Between Brooks Fiber and Southwestern Bell Telephone Company Pursuant to Section 252(i) of The Telecommunications Act of 1996* (Notice). In its Notice, TCG states that the Telecommunications Act of 1996 (the Act) authorizes telecommunications carriers to adopt the interconnection agreement of another carrier "upon the same terms and conditions as those provided in the agreement."

The Commission approved the Interconnection Agreement between Brooks Fiber and SWBT in Case No. TO-97-334. In its Notice, TCG states it is adopting the Brooks Fiber/SWBT agreement upon the same terms and conditions as provided in the agreement, other than "ministerial" conforming changes as outlined in paragraph 8 of its Notice. Staff has reviewed TCG's version of the adopted interconnection agreement and finds it the same as the Brooks Fiber/SWBT agreement, except for the changes mentioned by TCG in paragraph 8 of its Notice. Staff believes these are minor changes that are necessary to make TCG's agreement meaningful and applicable to it. For example, Brooks Fiber's agreement with SWBT is for interconnection in Kansas City - TCG's agreement is for interconnection in St. Louis, as outlined in Appendix DCO. Other examples include updating the name of TCG's contact person in place of Brooks Fiber's, replacing the name of Brooks Fiber with TCG, and clarifying that Brooks Fiber's most recent resale agreement with SWBT (filed on 9-15-97) is the resale agreement TCG is adopting - not the Brooks Fiber/SWBT resale agreement filed on July 10, 1997. **On October 29, 1997 TCG submitted an addition to its Agreement which contained the resale schedule of SWBT's residential telephone service. This schedule had been inadvertently omitted in TCG's Notice and filing on October 10, 1997. Staff has examined the schedule and finds it to be identical to the Brooks Fiber/ SWBT discount schedule.**

Staff believes that by adopting an interconnection (and resale) agreement that has previously been approved by the Commission, TCG is in compliance with the Act. Staff further believes that by adopting the Agreement in whole, TCG is in compliance with a recent decision by the 8th U.S. Court of Appeals (the Court) which held that such adoptions must be made in whole, rather than picking and choosing parts of various agreements. Staff has examined the submitted Agreement and finds it

in conformance with the Act and the Court's decision and for these reasons, Staff recommends that the Commission approve the adopted Agreement.

On October 21, 1997 SWBT filed an Application to Intervene in TCG's proposed Interconnection Agreement. SWBT states that any ruling the PSC makes concerning whether or not a Local Service Provider must submit an Interconnection Agreement for PSC approval will directly affect the procedure SWBT institutes prior to provisioning service to a company for resale to that company's end users. Staff does not oppose SWBT's Application to Intervene. Staff urges that TCG's Application for adoption of the Brooks Fiber/SWBT Agreement be approved by the Commission without further delay. Where parties request approval of the adoption of previously approved interconnection agreements pursuant to section 252 (i) of the Act, the Staff urges the Commission to require that the parties file a copy of the Agreement with changes made to the Agreement making it specific to the adopting company. In this manner, the Commission's staff will have an opportunity to review the adopted Agreement and a permanent record of the Agreement will be established as part of the public record, all subject to Commission approval. Staff believes this is the procedure followed in the current TCG Agreement, and Staff recommends that the Commission approve TCG's Agreement and similar future agreements on this basis.

### **III. Recommendation**

Staff recommends approval of TCG's proposed tariffs, as amended, and adopted Interconnection Agreement, as amended. Staff believes TCG's tariffs are in compliance with the Stipulation and Agreement as agreed to by the parties and as approved by the Commission in Case No. TA-96-345. Further, Staff believes TCG's proposed basic local exchange tariff will allow TCG to provide basic local telephone service in a manner consistent with Missouri law and Commission rules and regulations.

The specific tariff sheets to be approved are:

P.S.C. Mo No. 2 - Local Exchange Tariff - Original Title Page through Original Sheet 97

P.S.C. Mo. No 3 - Access Services Tariff - Original Title Sheet through Original Sheet 64

As requested by TCG in its October 27, 1997 letter, Staff also recommends the Commission cancel TCG's current P.S.C. Mo. 1 concurrent with approval of P.S.C. Mo. No. 3, Access Services Tariff.

Staff further recommends that the Commission approve TCG's Interconnection Agreement which adopts completely the agreement previously approved by the Commission between Brooks Fiber and SWBT. Staff also recommends that the Commission approve the previously referenced Residential Resale Rate Schedule filed on October 29, 1997. As with Brooks Fiber's agreement, Staff does not believe that TCG's agreement with SWBT discriminates against telecommunications carriers not party to the agreement nor does the adopted agreement appear to be against the public interest, convenience and necessity. Lastly, Staff recommends that the Commission direct TCG and SWBT to submit any modifications or amendments to the Commission for approval and that as with Brooks



FILED

NOV - 9 1998

MEMORANDUM

Missouri Public  
Service Commission

**To:** Missouri Public Service Commission Official Case File  
Case No. TA-97-193 Tariff File No. 9900273  
ExOp of Missouri, Inc.

**From:** William Voight *WV*  
Telecommunications Department *[Signature]*

*Bill Voight for WH 11-6-98* *Penny Baker 11/9/98*  
Utility Operations/Division/Date      General Counsel's Office/Date

**Subject:** Staff's Recommendation to Approve Basic Local Exchange and Switched Access Tariffs

**Date:** November 6, 1998

On October 5, 1998 ExOp of Missouri, Inc. (ExOp or Company) filed proposed tariffs to provide basic local exchange and switched access (exchange access) service. If approved, these tariffs would authorize ExOp to provide facilities-based basic local exchange telephone service in the Sprint-Missouri (Sprint) exchanges of Kearney and Platte City, Missouri. ExOp received its certificate to provide basic local service by Order of the Commission in Case No. TA-97-193 (Order) issued on November 25, 1997. ExOp has also filed an application and tariffs to provide local exchange and interexchange telecommunications service in Case No. TA-99-139 (Tariff File No. 9900274) with a proposed effective date of November 19, 1998. On October 30, 1998 Southwestern Bell Telephone Company (SWBT) filed a Motion to Suspend ExOp's Proposed Access Tariff in Case No. TA-97-193.

In its Order, the Commission directed ExOp to file a tariff no later than 30 days after Commission approval of the necessary interconnection agreement(s) [required by ExOp] and for the tariff to include a listing of the statutes and rules waived for ExOp. ExOp's proposed tariffs list the waivers granted (sheet 7 of Mo. No.1 & sheet 3 of Mo. No. 3). ExOp's Interconnection Agreement with Sprint was approved by the Commission on June 3, 1998 in Case No. TO-98-382. The Telecommunications Department Staff (Staff) believes ExOp has complied with the Commission's Order to list its waivers; however, ExOp did not file its proposed tariff until October 5, 1998. In this regard, Staff believes ExOp did not comply with the Commission's directive to file tariffs within 30 days. Officials of ExOp have indicated to the Staff that due to negotiations with other service providers, ExOp was not able to file its proposed tariffs in a timely manner.

The Commission's Order also instructed ExOp to give notice of the filing to all parties or participants to Case No. TA-97-193. ExOp provided such notice (copy attached) on September 25 and October 5, 1998. Staff believes ExOp has complied with the Commission's directive.

In its Order Approving Interconnection Agreement with Sprint in Case No. TO-98-382, the Commission directed the parties to submit its Interconnection Agreement to the Staff with the pages numbered seriatim in the lower right-hand corner, no later than June 22, 1998. On July 16, 1998 the Commission issued a Notice Regarding Filing of Interconnection Agreement in which the Commission directed Sprint and ExOp to comply with the Commission's June 3<sup>rd</sup> order to file the final executed agreement with the Staff no later than July 31, or the case may be subject to dismissal. On July 23, 1998 Sprint submitted the final executed Interconnection Agreement to the Staff with the pages numbered consecutively in the lower right-hand corner. Thus, the Staff believes ExOp and Sprint have complied with the Commission's directives in this matter.

#### ExOp's Basic Local Service Tariff P.S.C. Mo No. 1

As stated, ExOp proposes to provide facilities-based (only) basic local exchange telecommunications service in the Sprint exchanges of Kearney and Platte City. Staff has reviewed ExOp's proposed tariff and concludes the following:

##### *Exchange Boundaries*

ExOp concurs in the exchange boundaries of the incumbent Sprint (sheet 32).

##### *Calling Scopes*

For residential local calling scopes Ex-Op proposes to include all the exchanges of Sprint and Southwestern Bell Telephone Company's (SWBT's) Kansas City Metropolitan Calling Area (MCA) at no additional monthly charge to basic local service subscribers. ExOp refers to this calling scope as the ExOp-MCA calling scope.

Business customers may elect to choose either the ExOp-MCA calling scope as described above or the ExOp calling scope which includes only the Kearney and Platte City exchanges. Details of ExOp's calling scopes are found on sheet 32 of the Company's proposed tariff.

Staff notes that ExOp will be providing service in the Kansas City MCA Tier 3 service area. In Case No. TO-98-379, MoKan Dial, Inc. and Choctaw have requested the Commission make a determination with respect to the effect of the introduction of C-LEC and cellular providers and services upon the original terms of MCA service, the availability of MCA service to C-LECs, and wireless carriers, and accompanying matters relating to compensation with respect to MCA traffic. Although the Staff does not discount the issues raised by the Parties in Case No. TO-98-379, Staff does not believe ExOp's proposed tariff represents the proper forum to address the questions posed by MoKan Dial and Choctaw. Staff notes that ExOp, if approved, will be but one of several facilities-based C-LECs (not to mention wireless carriers) whose customers will be allowed to make and receive calls to/from other companies' subscribers to the MCA.



*Local Service Rates*

ExOp proposes to provide residential basic local service at a rate of \$26.09 monthly and basic business service at a rate of \$24.90 monthly for business subscribers who choose the ExOp calling scope or \$52.65 for business customers who choose the ExOp-MCA calling scope.

In addition, ExOp proposes to offer Custom Local Area Signaling Services (CLASS) to include caller identification (caller id), call forwarding, call waiting and call blocking, among others (page 40). Included among ExOp's CLASS services is call trace, a service which may be used to thwart harassing telephone calls.

Staff has examined ExOp's proposed tariff and Staff believes the tariff conforms to rules and regulations previously required by the Commission for other basic local service companies. Specifically, ExOp's tariff contains clarity of rates and appropriate wording regarding caller id service (sheet 37); call trace (sheet 39); telephone number intercept (sheet 31); statement of residential customer and company rights and responsibilities (sheet 29); taxes and surcharges (sheet 28); disconnection and restoration of residential service (sheets 26, 27 and 28); deposits and advance payments (sheet 22); payment for service (sheet 21); emergency telephone service (sheet 17); provisions for equal access to inter and intraLATA toll service providers (sheet 13); local operator services (sheet 42); promotions (sheet 51); individual case basis (ICB) pricing (sheet 51); and instances of special construction charges (sheet 48).

Enhanced Local Service Offerings

ExOp proposes to offer Integrated Services Digital Network Service (ISDN) at rates beginning at \$58.75 per month (sheet 35), depending on options. ExOp's ISDN will allow subscribers access to 128 kilobits per second (Kbs) of voice and data communications bandwidth.

ExOp proposes to offer Asymmetrical Digital Subscriber Line Service (ADSL) at a rate of \$77.00 per month (sheet 36). ADSL provides subscribers 8 megabits of downstream (receiving) band width and 800 Kbs of upstream (transmitting) band width. Staff notes that ADSL is suitable for a wide variety of applications including telemedicine, wide band video, educational and work-at-home applications.

The Staff wishes to note that ADSL represents a case of first impression for the Commission; **the Staff is unaware of any other telephone company providing, much less tariffing, ADSL in Missouri.** Staff notes that GTE has filed a tariff transmittal (transmittal no. 1148) at the Federal Communications Commission (FCC ) requesting the FCC declare digital subscriber line services to be entirely *interstate* in nature. News articles describing this event are attached to this

recommendation. To the Staff's knowledge, the FCC has not made its ruling on this matter. In any case, ExOp's proposed tariff states: "*For Basic Local Telecommunications Service supplied over the ADSL service refer to Section 4.1 for pricing and terms*" (emphasis added). Staff notes that Section 4.1 is ExOp's standard pricing for basic local service. In other words, if regulated services are being provided over the same facilities used to provide non-regulated services, the regulated services are priced and tarified in the same manner as POTS (Plain Old Telephone Service). Staff believes this is the proper way to approach instances of mixed jurisdictional service offerings (e.g. traditional telephone service being provided, for example, over cable t.v. wires.). Staff believes ExOp's proposed tariff continues the Commission's jurisdiction over traditional regulated telephone services and the Staff recommends Commission approval of ExOp's ADSL service offering.

ExOp also proposes to offer discounts pursuant to the Video Instructional Development and Educational Opportunity Program (sheet 33). Such discounts shall be offered to all accredited public and private schools. The discount represents 20 percent from standard monthly access line rates.

#### Summary

In its Order granting ExOp's certificate the Commission adopted the Stipulation and Agreement entered into by the parties to ExOp's certification (Order page 13). The Stipulation and Agreement provides that as a condition of certification and competitive classification ExOp agrees:

"...to offer basic local telecommunications service 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 incumbent local exchange telecommunications companies and must be no smaller than an exchange. Finally, ExOp agrees to provide equitable access 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, to affordable telecommunications services" (page 3).

Staff believes ExOp's proposed basic local service tariff complies with the Commission's Order approving certificate and the Commission's rules and regulations pertaining to the provision of basic local telecommunications service and the Staff recommends approval of P.S.C. Mo. No 1.

#### ExOp's Switched Access Service Tariff P.S.C. Mo. No. 3

In its Order adopting the Stipulation and Agreement the Commission determined ExOp's certification and competitive status were "expressly conditioned upon the continued applicability of Section 392.200, RSMo Supp 1996, and on the requirement that any increases in switched access services rates above the maximum switched access rates set forth in the Stipulation must

be cost-justified pursuant to Sections 392.220, RSMo Supp. 1996, and 392.230, rather than Sections 392.500 and 392.510" (Ordered paragraph 7).

The Stipulation holds that "... as a condition of certification and competitive classification, ExOp agrees that, unless otherwise ordered by the Commission, ExOp's 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(s) within whose service area(s) Applicant seeks authority to provide service."

Sheet 6 of ExOp's proposed switched access tariff sets forth the rates proposed by ExOp for switched access services. As stated, ExOp concurs with the Commission approved terms and conditions of Sprint's Switched Access Tariff PSC Mo. No. 26. ExOp further concurs in the switched access rates of Sprint except for the Carrier Common Line Access Service (CCL) rate element specified on sheet 6 of ExOp's proposed tariff.

Staff has examined the rates for CCL being proposed by ExOp and Staff finds the rates *lower* than the corresponding Commission approved rate for Sprint. Specifically, Sprint's rate for interLATA terminating CCL is \$0.083479 per minute and ExOp proposes to charge \$0.063479 per minute. Further, Sprint's rate for intraLATA terminating CCL is \$0.084194 while ExOp proposes to charge \$0.064194 per minute. Staff believes ExOp's proposed rates for switched access services are clearly lower than the rates of Sprint, the only *Large Incumbent LEC* in whose service area ExOp proposes to offer service.

Based on these considerations, Staff believes ExOp has complied with the Stipulation and Agreement and the Commission's directives pertaining to switched access services as proposed by ExOp. Staff recommends approval of ExOp's proposed switched access services tariff, P.S.C. Mo. No. 3.

#### Conclusion

On November 3 and 6, 1998 ExOp filed substitute sheets to clarify rate applications, wording, formatting, and other matters pertaining to the Commission's rules and regulations. Staff has examined the substitute sheets and finds them acceptable. As previously mentioned, ExOp has filed an application and a proposed tariff (P.S.C. Mo. No. 2) to provide local exchange and interexchange telecommunications service in Case No. TA-99-139 (Tariff File No. 9900274). The Staff does not expect File No. 9900274, or any other file number, to affect this filing. In conclusion, the Staff believes ExOp has satisfied the Commission's requirements to provide facilities-based basic local exchange telecommunications service in the requested Sprint exchanges of Kearney and Platte City, Missouri.

Case No. TA-97-193

Page 6 of 6

The Staff recommends Commission approval of ExOp's proposed tariffs, as amended, with an effective date of November 19, 1998. The specific tariff sheets recommended for approval are:

ExOp of Missouri, Inc. P.S.C. Mo. No. 1 - Original Sheet Number 1 through Original Sheet Number 51 and

ExOp of Missouri, Inc. P.S.C. Mo. No. 3 - Original Sheet Number 1 through Original Sheet Number 6

Copies:

- Director - Utility Operations Division
- Director - Utility Services Division
- Director - Research & Public Affairs Division
- General Counsel
- Office of the Public Counsel
- Peter Mirakian III - Counsel for Applicant
- Paul G. Lane - Counsel for Southwestern Bell Telephone Company

Columbia Tribune - p. 6B

12-12-96

# GTE yields to state commission

By CHARLES HOLT  
of the Tribune's staff

Ma Bell is coming to town, and it's going to cost her less than she expected.

GTE Midwest Inc., Columbia's local phone service provider, has been ordered by the state to allow AT&T to use its network at a discounted rate that is lower than other local carriers in Missouri must offer.

AT&T Communications of the Southwest Inc. intends to provide local phone service in each of GTE's 206 exchanges in Missouri by next summer.

The state order requires GTE to provide AT&T with access to its network at more than 31 percent off its retail prices. AT&T will then resell the phone services at full retail price to the public.

The interconnection order stems from the Telecommunications Act of 1996, which removed 62-year-old competitive barriers placed on tele-

## Panel orders local carrier to give discounts to AT&T.

phone, cable and other communications companies.

The law requires telephone companies that previously operated legal monopolies in local markets to make their networks accessible to competitors who otherwise would have to build expensive networks of their own.

The arrangement is similar to agreements that have existed among long distance companies since 1984, which have brought prices down more than 50 percent.

Interconnection negotiations between the two phone companies broke down this summer, leading AT&T to ask state utility regulators to intervene.

"The commission's endorsement of fair and balanced costs ... for a

competitor's access to GTE's monopoly is a big step toward bringing competition and choice in local phone service to Missouri customers," Steve Weber, AT&T's director of government affairs in Missouri said in a prepared statement.

State officials said this morning that the Public Service Commission forced GTE to give AT&T a larger than usual discount because it was not happy with cooperation it received from GTE.

"GTE has been less than forthcoming with information ..." the commission said, adding that it was "less than pleased with the efforts made at good faith negotiation ... in particular, by GTE."

The law requires local carriers to offer a discount of only 17 to 25 per-

cent. Southwestern Bell, for example, was ordered to give AT&T a 22 percent discount for access to its Missouri network late yesterday afternoon.

GTE can appeal the PSC decision to the courts, but a company spokesman said no decision has been made about whether it will do so.

"We received an 87 page order at about 11:30 yesterday," Don Neely, a spokesman for GTE in Columbia, said this morning. "Our attorneys are still looking it over and weighing our options."

AT&T must still receive state approval of the rates and tariffs it intends to charge consumers. It is unclear how long that will take, PSC officials said.

LEC(s) within those service area(s) the applicant seeks authority to provide service.<sup>1</sup> Further, the applicant must agree to meet the minimum basic local service standards, including quality of service and billing standards, as the Commission requires of the incumbent local exchange telecommunications companies with which the applicant seeks to compete. Further, the applicant must offer basic local telecommunications service as a separate and distinct service and must sufficiently identify the geographic area in which it proposes to offer basic local service. Such area must follow exchange boundaries of the incumbent local exchange telecommunications companies in the same area and must be no smaller than an exchange. Finally, the applicant must agree 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.<sup>2</sup> See Section 392.455 RSMo. (1996 Supp.).

3. Such applications submitted without tariffs should generally be processed in due course, provided the applicant seeks a temporary waiver of 4 CSR 240-2.060(4)(H).<sup>3</sup> The applicant should file its initial tariff(s) in the certification docket and serve all parties thereto with written notice at the time the initial tariff(s) is/are submitted to afford them an opportunity to participate in the tariff approval process. Copies of the tariff(s) should 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

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<sup>1</sup> For the applicant, this places an effective cap at ~~United's~~ <sup>SWBT'S TRS 576 by TRS</sup> access rates.

<sup>2</sup> This Stipulation and Agreement is intended to address procedural standards for applications for authority to provide or resell basic local telecommunications service and local exchange telecommunications service. Applications for other than basic local authority should be processed pursuant to Sections 392.430-440 RSMo. and the Commission should simply apply a public interest standard in determining whether such authority should be granted.

<sup>3</sup> Good cause for failure to file proposed tariffs with the Applications must be shown. The lack of an approved interconnection agreement (47 USC 252) constitutes good cause.

"Notwithstanding the provisions of Section 392.500 RSMo (1994), as a condition of certification and competitive classification, TCG agrees that, unless otherwise ordered by the Commission, the applicant's 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(s) within those service area(s) applicant seeks authority to provide service."

**Rate Cap Interpretation**

***Staff's Position***

*(Based on where company has approved tariffs)*

Tariff Service Area	CAP Base Rate
SWBT only	SWBT Rate
GTE only	GTE Rate
Sprint only	Sprint Rate
GTE & Sprint	GTE Rate
SWBT & GTE	SWBT Rate
SWBT & Sprint	SWBT Rate
SWBT & Sprint & GTE	SWBT Rate

***SWBT's Position***

*(Based on where company has a conditional certificate)*

Conditional Certificate Service Area	CAP Base Rate
SWBT only	SWBT Rate
GTE only	SWBT Rate *
Sprint only	?
GTE & Sprint	?
SWBT & GTE	SWBT Rate
SWBT & Sprint	SWBT Rate
SWBT & Sprint & GTE	SWBT Rate

\* = as expressed by SWBT in Case No. TA-98-305.

SWBT = Southwestern Bell Telephone Company

GTE = GTE Midwest Incorporated

Sprint = Sprint Missouri, Inc., d/b/a Sprint

No supplement to this tariff will be issued except for the purpose of canceling this tariff.

Local Exchange Tariff  
Original Sheet 1.04

**RECEIVED**

LOCAL EXCHANGE TARIFF

**JUL 09 1998**

(MT) 1.2 RATES

MO. PUBLIC SERVICE COMM

1.2.1 The basic exchange rates that apply for major exchange services are shown below. The number of exchange access arrangements included within the primary service area of each exchange or zone determines the rate group and rates for each exchange or zone unless otherwise specified in the Local Exchange Tariff.

<u>Group</u>	<u>Total Exchange Access Arrangements In Primary Service Area</u>		
A	1	-	4,999
B	5,000	-	59,999
C	60,000	-	229,999
D	230,000	-	Over

(MT)

**FILED**

**AUG 08 1998**

**MISSOURI  
Public Service Commission**

Issued: **JUL 09 1998**

Effective: **AUG 08 1998**

By PRISCILLA HILL-ARDOIN, President-Missouri  
Southwestern Bell Telephone Company  
St. Louis, Missouri



