

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

In the Matter of the Determination of the Weighted, )  
Statewide Average Rate of Nonwireless Basic ) File No. TO-2011-0073  
Local Telecommunication Services )

**REVISED STAFF REPORT**

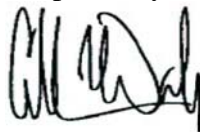
COMES NOW the Staff of the Missouri Public Service Commission and respectfully submits the attached revised Memorandum and states:

1. Section 392.245.13 RSMo Supp. 2010 provides that the Commission shall determine the weighted, statewide average rate of nonwireless basic local telecommunications services and shall report its findings to the general assembly by January 30, 2011. If the Commission finds that the reported rate exceeds the 2006 rate by a percentage greater than the percentage increase in the Consumer Price Index, then the Commission is to include in its report its suggestions for changes to state law "to achieve the purposes set forth in section 392.185."

2. The Staff filed this Report on January 19, 2011, but subsequently revised footnotes four and six on page four of the Memorandum.

WHEREFORE, the Staff respectfully submits the revised Memorandum and Appendices A-D thereto.

Respectfully submitted,



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## **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 28<sup>th</sup> day of January, 2011.

A handwritten signature in black ink, appearing to be "Allan" followed by a stylized surname.

## Memorandum

To: Official Case File  
Case No. TO-2011-0073

From: Dana Parish and John Van Eschen  
Telecommunications Department

Date: January 19, 2011

Subject: Statutory requirement to determine statewide average rate

### Executive Summary

Section 392.245.13 RSMo requires the Missouri Public Service Commission (MoPSC) to periodically determine the weighted, statewide average rate of nonwireless basic local telecommunications services. If the statewide average rate is greater than the statewide average rate from the initial study multiplied by one plus the percentage increase in the Consumer Price Index (CPI) for all goods and services then the MoPSC should recommend to the general assembly such changes in state law as the MoPSC deems appropriate to achieve the purposes set forth in Section 392.185. The calculations for this rate along with the CPI comparisons were previously performed in 2005 and later in 2007.<sup>1</sup> This report identifies the weighted, statewide average rate as of August 28, 2010 is \$22.49 and marks the final report. The MoPSC is required to report its findings to the general assembly by January 30, 2011. Listed below is a summary of Staff's findings:

	Statewide Average Rates			% Change (2010 vs. 2005)
	2005 study	2007 study	2010 study	
Residential	\$11.62	\$11.49	\$17.11	+47%
Business	\$27.91	\$29.77	\$34.35	+23%
Overall	\$13.77	\$14.66	\$22.49	+63%
CPI	196.4	207.9	218.31	11.15%

As the above table shows the overall statewide average rate has increased from \$13.77 in 2005 to \$22.49 in 2010. Furthermore the percentage increase of the overall statewide average rate from the 2005 study to the 2010 study is 63% which exceeds the 11.15% change in the CPI for this time period. Although the percentage change in Staff's calculated statewide average rate exceeds the percentage change in the CPI, Staff is not recommending any changes to be offered to the general assembly. The Staff's position will be explained in this memorandum.

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<sup>1</sup> See Case No. TO-2006-0084 for Commission Orders and Staff Reports for both 2005 and 2007.

## **Background**

Pursuant to Section 392.245.13, the MoPSC is required to determine the weighted statewide average rate of nonwireless basic local telecommunications services three times over a six year time period: August 28, 2005, August 28, 2007 and August 28, 2010. The initial weighted statewide average rate determination was based on basic local telecommunications rates in effect as of August 28, 2005. The weighted statewide average rate was re-determined for August 28, 2007 based on basic local telecommunications rates in effect at that time. The statute directs the MoPSC to determine the weighted statewide average rate a third time based on rates in effect as of August 28, 2010. Each time the MoPSC recalculates the weighted statewide average rate of nonwireless basic local telecommunications services, after excluding certain allowed increases pursuant to Section 392.245.13, the MoPSC is required to compare the change in rate to the CPI. If the percentage change between the two rates exceeds the percentage change in the Consumer Price Index (CPI) for the period, the MoPSC is to advise the legislature and to suggest corrective remedies.

## **Procedure**

The same procedure was used to calculate the statewide weighted average rate for the 2005, 2007 and 2010 studies. The weighted statewide average rate of nonwireless basic local telecommunications services attempts to calculate the average rate all companies charge for basic local telecommunications service. In simple terms the weighted statewide average rate is calculated by summing applicable residential and business local service revenues received by all companies for basic local telecommunications services and then dividing by the sum of all companies' qualifying reported local service lines. Local service revenues were derived from reported line quantities and applicable local service rates. A qualifying line provides local voice service and excludes lines providing broadband or Digital Subscriber Line (DSL) service. For higher capacity lines, a qualifying line is based on the number of voice grade channels.

Staff requested all companies providing local voice service to submit qualifying line quantity and applicable local service rates as of August 28, 2010. Appendix A is the form companies were requested to complete. Appendix B is the instructions for completing this form. Responses were received from 43 incumbent local exchange companies (ILECs), 118 competitive local exchange companies (CLECs) and VoIP providers. Of the total responders, 50 CLECs or VoIPs responded that they are not providing local voice service. In addition, 13 CLECs and VoIPs did not respond to the request. As a result, the statewide average rate calculations are based on information supplied by 43 ILECs and 55 CLECs and VoIPs.<sup>2</sup>

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<sup>2</sup> For comparative purposes the 2007 statewide average rate was based on information supplied by 43 ILECs and 44 CLECs. VoIP registration with the Missouri PSC began in August 2008 and consequently the 2010 study marks the first time with VoIP provider information.

Companies were specifically instructed to identify the applicable residential and business rates for single-line basic local telecommunications service on an exchange-specific basis. Likewise companies were instructed to identify any mandatory rate plan applied to all customers within the exchange, such as any applicable extended area service rates. In addition, a company was instructed to provide the number of applicable qualified residential versus qualified business lines within the exchange for local telecommunications service. This information was requested for both stand-alone single lines where a customer solely subscribes to basic local telecommunications service and bundled single lines where a customer may subscribe to basic local service as part of a package of services. A company's applicable stand-alone and bundled residential lines for an exchange are summed and multiplied by the applicable local and mandatory EAS rates in order to calculate the company's residential local service revenue for that exchange. Similar calculations are performed for the company's business customers to quantify the company's business local service revenue for that exchange. Applicable local service revenues were then summed for all company exchanges and divided by the sum of all applicable lines to generate a statewide average rate.

## Results

The Consumer Price Index for all goods and services was 196.4 in August 2005, 207.9 in August 2007 and 218.312 in August 2010. These indices produce a change of 5.86% in the CPI over the August 2005-August 2007 study period, 4.9% over the August 2007-August 2010 study period and 11.15% over the August 2005-August 2010 study period.

The following two tables show the statewide average rates from the 2005, 2007 and 2010 studies along with the percentage change in statewide average rates:

<b>Statewide Average Rates</b>			
	<b>2005 study</b>	<b>2007 study</b>	<b>2010 study</b>
<b>Residential</b>	\$11.62	\$11.49	\$17.11
<b>Business</b>	\$27.91	\$29.77	\$34.35
<b>Overall</b>	\$13.77	\$14.66	\$22.49

<b>Percentage Change in Statewide Average Rates</b>			
	<b>2005 to 2007</b>	<b>2007 to 2010</b>	<b>2005 to 2010</b>
<b>Residential</b>	-1.08%	+49%	+47%
<b>Business</b>	+6.66%	+15%	+23%
<b>Overall</b>	+6.47%	+53%	+63%

The statewide average rate information can be further broken down based in incumbent versus competitive local exchange companies:

<b>ILEC vs. CLEC Statewide Average Rate Comparison</b>						
	<b>2005 study</b>		<b>2007 study</b>		<b>2010 study</b>	
	<b>ILEC</b>	<b>CLEC</b>	<b>ILEC</b>	<b>CLEC</b>	<b>ILEC</b>	<b>CLEC</b>
<b>Residential</b>	\$10.56	\$22.37	\$11.18	\$15.13	\$16.36	\$21.26
<b>Business</b>	\$26.63	\$33.00	\$29.16	\$32.17	\$35.05	\$31.72
<b>Overall</b>	<b>\$12.45</b>	<b>\$25.05</b>	<b>\$13.94</b>	<b>\$21.03</b>	<b>\$21.92</b>	<b>\$25.26</b>

These results show that ILEC statewide weighted average rates have generally been less than CLEC statewide weighted average rates; however the 2010 study reflects for the first time whereby the respective statewide average rates for business service is higher for ILECs than CLECs.<sup>3</sup>

## Analysis

The 2010 statewide average rates have increased in comparison to the 2007 and 2005 statewide average rates. Caution should be given to interpreting these changes as solely caused by rate increases. As pointed out in Staff's 2007 study, changes in access line quantities can have a significant impact on these results. Residential line quantities have dropped<sup>4</sup> while business line quantities have increased.<sup>5</sup> If rates were to have remained unchanged then this change in access line quantities would have increased the overall statewide average rate, regardless, because business rates are and have been generally higher than residential rates. In regards to solely looking at the residential statewide average rate, residential line quantities have continued to drop for ILECs but have increased for CLECs.<sup>6</sup> If rates were to have remained unchanged then this shift in line quantities will cause the residential statewide average rate to increase because CLEC residential rates have generally been higher than ILEC residential rates. Overall business line quantities have increased for both ILECs and CLECs.<sup>7</sup>

<sup>3</sup> Section 392.200.8(3) RSMo allows all ILECs and CLECs to have customer-specific pricing for business services. For statewide average rate calculation purposes companies supplied their tariffed local business rate for single-line service. In addition, multi-line rates and quantities were ignored in calculating the statewide average rate.

<sup>4</sup> Total residential line quantities used to calculate the statewide average rate were 2,218,543 (2005 study), 1,980,060 (2007 study) and 1,615,612 (2010 study).

<sup>5</sup> Total business line quantities used to calculate the statewide average rate were 336,450 (2005 study), 415,023 (2007 study) and 733,103 (2010 study).

<sup>6</sup> For example, in simply comparing the 2007 and 2010 studies, residential line quantities dropped from 1,821,064 to 1,368,590 for ILECs but increased from 158,996 to 247,022 for CLECs.

<sup>7</sup> A comparison of the 2007 and 2010 studies show business line quantities increased from 330,810 to 580,164 for ILECs and 84,213 to 152,939 for CLECs.

One way to analyze the data is to recalculate the statewide average rate using 2010 rates with 2007 line quantities. This recalculation produces the following statewide average rates<sup>8</sup>:

<b>Statewide Average Rate using 2010 rates and 2007 line quantities</b>	
Residential	\$17.38
Business	\$33.59
Overall	\$20.19

The overall statewide average rate using this recalculated method results in a \$20.19 rate. The recalculated rate of \$20.19 is less than the overall statewide average rate identified in the 2010 study of \$22.49. This result suggests access line quantity changes from 2007 to 2010 have perhaps overstated the 2010 statewide average rate. Regardless the recalculated rate of \$20.19 is still significantly higher than the \$14.66 overall statewide average rate identified in the 2007 study. This result suggests rates have actually increased and an analysis of company-specific data confirms this result.<sup>9</sup>

### **Recommendation**

At this time Staff does not have any recommendations even though Staff anticipates the statewide average rate will continue rise. This recommendation is based on several considerations:

The geographic areas experiencing significant rate increases have occurred in metro areas where greater competition exists for local voice service. Likewise the statewide average residential rate for ILECs is still significantly below the statewide average rate for CLECs.

Limited price controls still exist for all ILECs. Three ILECs are classified as competitive companies; however these companies still do not have unlimited flexibility to increase basic local rates in “noncompetitive” exchanges.<sup>10</sup> Two ILECs remain under price cap status and the remaining ILECs are regulated under rate-of-return regulation.

Recent passage of House Bill 1750 during the 95<sup>th</sup> general assembly suggests the legislature may be primarily concerned with reducing intrastate switched access rates. In

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<sup>8</sup> These calculations applied 2010 rates to 2007 line quantities. This recalculation was performed for each company on an exchange-specific basis and then assembled into statewide average rates.

<sup>9</sup> Perhaps the biggest impact to a higher statewide average rate is the ILEC with the largest number of lines in Missouri increased rates for residential services in its most populated exchanges. For example the basic single-line rate in metro areas increased from approximately \$12.00 and \$13.00 to a rate of \$19.00.

<sup>10</sup> These three ILECs are AT&T Missouri, CenturyLink d/b/a Embarq, and CenturyLink d/b/a CenturyTel. See Section 392.245.5(7) for pricing limitations in non-competitive exchanges.

addition, the Federal Communications Commission has also suggested preempting states in an effort to reform intercarrier compensation.<sup>11</sup> Any attempt to somehow further control local rate adjustments may complicate efforts for intercarrier compensation reform.

Finally, a significant and growing number of customers subscribe to bundles of services that include both regulated and non-regulated services such as Internet service and video service. Unlimited pricing flexibility is currently allowed for any local voice service that is part of a bundle or package of services.<sup>12</sup> From a practical standpoint any potential additional price limitations could only apply to a small subset of customers solely subscribing to basic local telecommunications service.

**Attachments:**

Appendix A: The form companies were requested to compile.

Appendix B: The instructions for completing the form.

Appendix C: Statewide average rates for ILECs

Appendix D: Statewide average rates for CLECs.

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<sup>11</sup> FCC's National Broadband Plan released March 2010; page 148; FCC Recommendation No. 8.7.

<sup>12</sup> Section 392.200.12 RSMo.







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

Please use the attached Excel spreadsheet. When you have completed it, please electronically forward it to [dana.parish@psc.mo.gov](mailto:dana.parish@psc.mo.gov) by September 30, 2010. If you have any questions, please call Dana at (573) 526.4777 or use her e-mail address.

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

**The following information should be provided on an exchange-specific basis as of August 28, 2010 or as close to that date as practical:**

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

**Calculation of 2010 and Comparison with 2007 Statewide Weighted Average Basic Local Telephone Service Rate**

Incumbent Local Exchange Carrier Company Name	Company Statewide Residential Weighted Average Rate		Percentage Change in Statewide Residential Weighted Average Rate	Company Statewide Business Weighted Average Rate		Percentage Change in Statewide Business Weighted Average Rate	Statewide Overall Weighted Average Rate		Percentage Change in Statewide Combined Weighted Average Rate
	2007	2010		2007	2010		2007	2010	
Alma Telephone Company	\$ 6.50	\$ 6.50	0.00%	\$ 10.25	\$ 10.25	0.00%	\$ 7.17	\$ 6.78	-5.34%
BPS Telephone Company	\$ 6.94	\$ 6.94	0.05%	\$ 13.96	\$ 13.90	-0.39%	\$ 7.35	\$ 7.42	0.87%
CenturyTel of NW Ark.	\$ 11.06	\$ 11.06	0.00%	\$20.02	\$20.02	0.00%	\$ 11.43	\$ 11.84	3.56%
CenturyTel of Missouri, LLC	\$ 11.11	\$ 12.94	16.46%	\$18.81	\$21.18	12.59%	\$ 11.53	\$ 14.87	28.96%
Chariton Valley Telephone Corporation	\$ 12.00	\$ 12.00	0.00%	\$ 12.00	\$ 12.00	0.00%	\$ 12.00	\$ 12.00	0.00%
Choctaw Telephone Company	\$ 9.90	\$ 9.90	0.00%	\$ 12.40	\$ 12.40	0.00%	\$ 10.15	\$ 10.18	0.34%
Citizens Telephone Company of Higginsville, Missouri	\$ 8.25	\$ 8.25	0.00%	\$ 14.00	\$ 14.00	0.00%	\$ 9.95	\$ 9.95	-0.08%
Craw-Kan Telephone Cooperative, Inc.	\$ 5.24	\$ 5.24	-0.04%	\$ 8.03	\$ 8.10	0.87%	\$ 5.55	\$ 5.56	0.10%
Ellington Telephone Company	\$ 5.70	\$ 5.70	0.00%	\$ 9.50	\$ 9.50	0.00%	\$ 6.42	\$ 6.42	0.09%
Embarq Missouri, Inc.	\$ 14.18	\$ 16.81	18.50%	\$ 21.90	\$ 22.00	0.45%	\$ 15.76	\$ 17.98	14.10%
Fairpoint Communications Missouri, Inc	\$ 6.96	\$ 6.83	-1.88%	\$ 13.73	\$ 13.73	0.03%	\$ 7.86	\$ 7.80	-0.74%
Farber Telephone Company	\$ 6.50	\$ 7.75	19.23%	\$ 11.00	\$ 12.25	11.36%	\$ 7.41	\$ 8.40	13.26%
Fidelity Telephone Company	\$ 10.25	\$ 10.25	0.00%	\$ 19.95	\$ 19.95	0.00%	\$ 12.62	\$ 12.62	0.00%
Goodman Telephone Company	\$ 7.60	\$ 7.60	0.00%	\$ 12.65	\$ 12.65	0.00%	\$ 8.00	\$ 7.99	-0.07%
Granby Telephone Company	\$ 6.60	\$ 6.60	0.00%	\$ 8.85	\$ 8.85	0.00%	\$ 6.96	\$ 6.78	-2.55%
Grand River Mutual Telephone Corporation	\$ 8.24	\$ 8.24	-0.03%	\$ 14.18	\$ 14.18	-0.05%	\$ 9.19	\$ 9.19	0.07%
Green Hills Telephone Corporation	\$ 13.00	\$ 13.00	0.00%	\$ 16.00	\$ 16.00	0.00%	\$ 13.30	\$ 13.31	0.10%
Holway Telephone Company	\$ 13.00	\$ 13.00	0.00%	\$ 25.00	\$ 25.00	0.00%	\$ 14.27	\$ 14.27	0.00%
IAMO Telephone Company	\$ 8.00	\$ 8.00	0.00%	\$ 10.00	\$ 10.00	0.00%	\$ 8.09	\$ 8.30	2.55%
Kingdom Telephone Company	\$ 10.34	\$ 10.38	0.38%	\$ 12.32	\$ 13.51	9.69%	\$ 10.66	\$ 10.51	-1.40%
KLM Telephone Company	\$ 7.25	\$ 7.25	0.00%	\$ 12.75	\$ 12.75	0.00%	\$ 8.26	\$ 8.29	0.38%
Lathrop Telephone Company	\$ 7.15	\$ 7.15	0.00%	\$ 10.15	\$ 10.15	0.00%	\$ 7.49	\$ 7.55	0.74%
Le-Ru Telephone Company	\$ 10.50	\$ 10.50	0.00%	\$ 17.00	\$ 17.00	0.00%	\$ 11.10	\$ 11.05	-0.49%
Mark Twain Rural Telephone Company	\$ 9.00	\$ 9.00	0.00%	\$ 10.25	\$ 10.25	0.00%	\$ 9.06	\$ 9.05	-0.04%
McDonald County Telephone Company	\$ 5.75	\$ 9.70	68.70%	\$ 8.75	\$ 8.75	0.00%	\$ 6.12	\$ 9.39	53.32%
Mid-Missouri Telephone Company	\$ 8.00	\$ 8.00	0.00%	\$ 12.85	\$ 12.85	0.00%	\$ 8.62	\$ 8.64	0.19%
Miller Telephone Company	\$ 9.00	\$ 9.00	0.00%	\$ 14.00	\$ 14.00	0.00%	\$ 9.39	\$ 9.37	-0.17%
MoKan Dial, Inc.	\$ 5.90	\$ 5.90	0.00%	\$ 9.15	\$ 9.15	0.00%	\$ 6.26	\$ 6.38	1.88%
New Florence Telephone	\$ 5.75	\$ 4.50	-21.74%	\$ 7.75	\$ 6.00	-22.58%	\$ 6.46	\$ 5.02	-22.21%
New London Telephone Company	\$ 12.30	\$ 12.30	0.00%	\$ 22.10	\$ 22.10	0.00%	\$ 14.21	\$ 14.21	-0.02%
Northeast Missouri Rural Telephone Company	\$ 10.04	\$ 6.54	-34.87%	\$ 15.04	\$ 6.54	-56.48%	\$ 10.33	\$ 6.54	-36.71%
Orchard Farm Telephone Company	\$ 13.25	\$ 13.25	0.00%	\$ 25.40	\$ 25.40	0.00%	\$ 15.19	\$ 15.13	-0.38%
Oregon Farmers Mutual Telephone	\$ 8.00	\$ 8.00	0.00%	\$ 12.00	\$ 12.00	0.00%	\$ 8.50	\$ 8.32	-2.13%
Ozark Telephone Company	\$ 6.50	\$ 6.50	0.00%	\$ 13.00	\$ 13.00	0.00%	\$ 7.15	\$ 7.04	-1.53%
Peace Valley Telephone Company, Inc.	\$ 4.50	\$ 4.50	0.00%	\$ 5.50	\$ 5.50	0.00%	\$ 4.55	\$ 4.58	0.58%
Rock Port Telephone Company	\$ 5.40	\$ 5.40	0.00%	\$ 7.90	\$ 7.90	0.00%	\$ 6.49	\$ 6.26	-3.43%

**Calculation of 2010 and Comparison with 2007 Statewide Weighted Average Basic Local Telephone Service Rate**

Southwestern Bell Telephone, L.P. dba AT&T Mo.	\$ 11.34	\$ 18.40	<b>62.27%</b>	\$ 32.12	\$ 39.25	<b>22.22%</b>	\$ 14.88	\$ 25.46	<b>71.13%</b>
Seneca Telephone Company	\$ 8.10	\$ 8.10	<b>0.00%</b>	\$ 11.80	\$ 11.80	<b>0.00%</b>	\$ 8.37	\$ 8.37	<b>-0.08%</b>
Spectra Communications Group, LLC	\$ 8.77	\$ 10.54	<b>20.13%</b>	\$ 15.63	\$ 17.75	<b>13.57%</b>	\$ 9.14	\$ 11.88	<b>29.96%</b>
Steelville Telephone Exchange, Inc.	\$ 8.95	\$ 8.95	<b>0.00%</b>	\$ 14.45	\$ 14.45	<b>0.00%</b>	\$ 10.40	\$ 10.49	<b>0.82%</b>
Stoutland Telephone Company	\$ 8.75	\$ 8.75	<b>0.00%</b>	\$ 13.25	\$ 13.25	<b>0.00%</b>	\$ 9.24	\$ 9.18	<b>-0.64%</b>
Windstream Iowa (fka: Iowa Telecom)	\$ 21.54	\$ 24.54	<b>13.94%</b>	\$ 41.70	\$ 49.30	<b>18.21%</b>	\$ 24.98	\$ 29.43	<b>17.82%</b>
Windstream Missouri, Inc.	\$ 8.25	\$ 11.69	<b>41.82%</b>	\$ 14.79	\$ 18.61	<b>25.87%</b>	\$ 9.17	\$ 12.76	<b>39.13%</b>
<b>Median Percentage Change in Weighted Average Rates:</b>			<b>0.00%</b>			<b>0.00%</b>			<b>0.07%</b>

**Calculation of 2010 and Comparison with 2007 Statewide Weighted Average Basic Local Telephone Service Rate**

Responding Competitive Local Exchange Carrier	Company Statewide Residential Weighted Average Rate		Percentage Change in Statewide Residential Weighted Average Rate	Company Statewide Business Weighted Average Rate		Percentage Change in Statewide Businessl Weighted Average Rate	Statewide Overall Weighted Average Rate		Percentage Change in Statewide Combined Weighted Average Rate
	2007	2010		2007	2010		2007	2010	
Access Point, Inc.		0	(1)		\$ 28.50	(1)		\$ 28.50	(1)
Accutel of Texas	\$ 34.57	\$ 29.99	-13.26%	0	0	0.00%	\$ 34.57	\$ 29.99	-13.26%
A C N Communications, Inc.	\$ 23.99	\$ 22.00	-8.30%	0	0	0.00%	\$ 23.99	\$ 22.00	-8.30%
AT&T Communications of the Southwest, Inc. - Highly Confidential	\$ 21.46	0	-100.00%	\$ 41.17	\$ 39.39	-4.33%	\$ 40.30	\$ 39.39	-2.27%
AT&T TCG Kansas City	0	0	0.00%	\$ 46.40	\$ 53.30	14.87%	\$ 46.40	\$ 53.30	14.87%
AT&T TCG St. Louis	0	0	0.00%	\$ 46.40	\$ 53.30	14.87%	\$ 46.40	\$ 53.30	14.87%
Big River Telephone Company, LLC	\$ 27.29	\$ 29.49	8.06%	\$ 24.80	\$ 25.70	3.60%	\$ 26.15	\$ 27.66	5.74%
Birch Telecom of Missouri (Birch)	\$ 14.60	\$ 44.44	204.37%	\$ 32.07	\$ 45.04	40.45%	\$ 30.77	\$ 44.95	46.09%
Budget Prepay, Inc.	\$ 59.95	\$ 40.88	-31.81%	0	0	0.00%	\$ 59.95	\$ 40.88	-31.81%
BullsEye Telecom Inc.	0	0	0.00%	\$ 25.40	\$ 26.63	4.82%	\$ 25.40	\$ 26.63	4.82%
Cebridge Telecom d/b/a Suddenlink Communications		\$ 49.95	(2)		\$ 49.95	(2)		\$ 49.95	(2)
Chariton Valley Telecom Corp.	\$ 7.50	\$ 9.75	30.00%	\$ 15.00	\$ 17.00	13.33%	\$ 7.87	\$ 12.13	54.17%
Charter Fiberlink Missouri, LLC	\$ 9.00	\$ 15.31	70.14%	\$ 33.25	\$ 34.99	5.23%	\$ 9.14	\$ 16.59	81.57%
Cincinnati Bell Any Distance, Inc.		0	(1)		\$ 38.00	(1)		\$ 38.00	(1)
dPi Teleconnect	\$ 48.51	\$ 30.35	-37.45%	0	0	0.00%	\$ 48.51	\$ 30.35	-37.45%
Ernest Communications, Inc.	0	0	0.00%	\$ 29.00	\$ 23.00	-20.69%	\$ 29.00	\$ 23.00	-20.69%
Fidelity Communications Services I, Inc.	\$ 16.46	\$ 16.97	3.08%	\$ 25.84	\$ 25.37	-1.85%	\$ 19.79	\$ 19.41	-1.95%
Fidelity Communications Services II, Inc.	\$ -	\$ 14.00	0.00%	\$ 20.00	\$ 22.00	10.00%	\$ 20.00	\$ 21.97	9.86%
Global Connection Inc. of America	\$ 50.32	\$ 35.66	-29.14%	0	0	0.00%	\$ 50.32	\$ 35.66	-29.14%
Global Crossing Local Services, Inc.		0	(1)		\$ 400.00	(1)		\$ 400.00	(1)
Global Crossing Telemanagement, Inc.	0	0	0.00%	\$ 39.58	\$ 54.00	36.43%	\$ 39.58	\$ 54.00	36.43%
Green Hills Telecommunications Services	\$ 6.50	\$ 13.00	100.00%	\$ 30.00	\$ 19.50	-35.00%	\$ 7.86	\$ 13.33	69.58%
Ionex Communications, Inc. (Birch Communications)	\$ 23.67	0	-100.00%	\$ 33.58	\$ 44.84	33.54%	\$ 33.56	\$ 44.84	33.62%
Level 3 Communications, LLC		0	(3)		\$ 1.31	(3)		\$ 1.31	(3)
Lightyear Network Solutions LLC		\$ 24.99	(1)		\$ 24.99	(1)		\$ 24.99	(1)
Logix Communications		0	(1)		\$ 57.79	(1)		\$ 57.79	(1)
Mark Twain Communications Co.	\$ 6.25	\$ 9.05	44.80%	\$ 12.75	\$ 15.40	20.78%	\$ 6.69	\$ 9.54	42.62%
Matrix Telecom Inc., d/b/a Excel Communications	\$ 30.00	\$ 30.00	0.00%	0	0	0.00%	\$ 30.00	\$ 30.00	0.00%
Matrix Telecom Inc., d/b/a Trinsic Communications		\$ 36.49	(1)		\$ 32.00	(1)		\$ 34.18	(1)

**Calculation of 2010 and Comparison with 2007 Statewide Weighted Average Basic Local Telephone Service Rate**

Matrix Telecom Inc., d/b/a VarTec Telecom	\$ 34.95	\$ 34.95	0.00%	0	0	0.00%	\$ 34.95	\$ 34.95	0.00%
MCImetro Access Transmission Services, LLC	\$ 30.81	\$ 40.92	32.82%	\$ 33.99	\$ 46.99	38.25%	\$ 31.47	\$ 42.13	33.88%
McLeodUSA Telecommunications Services, Inc. PAETEC Busines Services)	\$ 33.46	\$ 25.95	-22.45%	\$ 31.78	\$ 35.33	11.20%	\$ 31.86	\$ 35.07	10.08%
Mercury Voice and Data Co.		0	(1)		\$ 23.00	(1)		\$ 23.00	(1)
Metropolitan Telecommunications of Missouri (MetTel)	0	0	0.00%	\$ 22.96	\$ 48.22	110.00%	\$ 22.96	\$ 48.22	110.00%
Missouri Telecom, Inc.		\$ 17.95	(1)		\$ 19.95	(1)		\$ 18.73	(1)
N-1 Communications, LLC d/b/a High Beam Internet and Voice		\$ 27.00	(2)		\$ 27.00	(2)		\$ 27.00	(2)
Navigator Telecommunications, LLC	\$ 11.10	0	-100.00%	\$ 30.12	\$ 20.55	-31.76%	\$ 28.03	\$ 20.55	-26.67%
Netelligent Corp		0	(1)		\$ 22.00	(1)		\$ 22.00	(1)
Nexus Communications, Inc. d/ba TSI	\$ 39.95	\$ 37.92	-5.09%	0	0	0.00%	\$ 39.95	\$ 37.92	-5.09%
Powernet Global Communications		0	(1)		\$ 18.33	(1)		\$ 18.33	(1)
QuantumShift Communications, Inc.		0	(3)		\$ 33.38	(3)		\$ 33.38	(3)
Ren-Tel Communications, Inc. d/b/a Dialtone & More		\$ 20.36	(4)		0	(4)		\$ 20.36	(4)
Sage Telecom Inc.	\$ 25.00	\$ 25.00	0.00%	\$ 29.00	\$ 32.99	13.76%	\$ 25.08	\$ 31.73	26.49%
Socket Telecom, LLC		\$ 15.37	(3)		\$ 23.18	(3)		\$ 20.88	(3)
Sprint Communications, L.P.	0	0	0.00%	\$ 34.79	\$ 41.68	19.81%	\$ 34.79	\$ 41.68	19.81%
SureWest Kansas Licenses, LLC (SureWest)		\$ 12.75	(1)		\$ 23.86	(1)		\$ 14.97	(1)
Telcove Operation, LLC		0	(1)		\$ 36.50	(1)		\$ 36.50	(1)
The Phone Connection, Inc. d/b/a Affordable Phone	\$ 39.95	\$ 39.95	0.00%	0	0	0.00%	\$ 39.95	\$ 39.95	0.00%
Trans National Communications Int., Inc.	0	\$ 41.99	0.00%	\$ 55.00	0	-100.00%	\$ 55.00	\$ 41.99	-23.65%
TWC Digital Phone, LLC		\$ 29.99	(2)		\$ 29.99	(2)		\$ 29.99	(2)
Compliance Solutions, Inc.		0	(1)		\$ 23.00	(1)		\$ 23.00	(1)
Windjammer		\$ 39.99	(2)		\$ -	(2)		\$ 39.99	(2)
Windstream Nuvox Missouri, Inc.		0	0.00%		\$ 36.89	0.00%		\$ 36.89	0.00%
XO Communications Services Inc.	0	0	0.00%	\$ 34.93	\$ 34.52	-1.17%	\$ 34.93	\$ 34.52	-1.17%
YourTel America Inc.	\$ 29.95	\$ 29.95	0.00%	\$ 39.95	\$ 39.95	0.00%	\$ 30.02	\$ 29.98	-0.12%
<b>Totals</b>									

**Totals**

**Notes:**

- (1) New Company (after 2007) or new to Company List**
- (2) IVoIP Company**
- (3) Company listed on the Zero Lines / Zero Customers List in 2007**
- (4) Company listed on Non-Responsive List in 2007**