

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

In the Matter of the Application of Otelco)
Telecommunications LLC for Certificate of Service)
Authority to Provide Basic Local Exchange and) **File No. XA-2011-0293**
Non-Switched Local Telecommunications Exchange)
Service in Missouri and to Classify Said Services and)
Company as Competitive)

CORRECTED STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and for its Corrected Recommendation, which replaces entirely the Staff Recommendation filed earlier today, states as follows:

1. On March 21, 2011, Otelco Telecommunications LLC (“the Company”) applied for certificate of service authority to provide basic local telecommunications service and non-switched local telecommunications service and for competitive classification.

2. The Company submitted an affidavit that attests that the Company possesses sufficient financial resources to provide basic local exchange telecommunications services in Missouri, has not defaulted on any financial obligations in the past three years and has access to sufficient financial resources. Based on that submission, the Staff believes that the Company possesses sufficient financial resources. The Company submitted sufficient information for the Staff to conclude that the Company possesses sufficient technical and managerial resources and abilities.

2. In the attached Memorandum, the Staff recommends that the Commission grant the Company's request for basic local telecommunications authority. The Commission shall grant an application for a certificate of telecommunications service authority upon a finding that the grant of authority is in the public interest. §§ 392.430 and 392.440 RSMo 2000.

3. Staff also recommends that the Commission classify the Company's services as competitive. The Commission may classify a telecommunications provider or its services as competitive if the Commission determines it is subject to sufficient competition to justify a lesser degree of regulation and that such lesser regulation is consistent with the protection of ratepayers and promotes public interest. §392.361.4. RSMo Supp. 2009. A majority of the services a competitive company provides must be classified as competitive. §392.361.3. RSMo Supp. 2009.

4. The Staff further recommends that the Commission state in its order that, pursuant to Section 392.410, the authority conferred by the certificate of service authority shall be null and void unless it is exercised within one year of its issuance.

5. The Applicant is not delinquent in filing an annual report, paying the PSC assessment, MoUSF, and Relay Missouri.

6. The Staff recommends that the application be granted with the following conditions:

a. The applicant's originating and terminating access rates shall not exceed the access rates of the incumbent local exchange company against whom the applicant is competing pursuant to Sections 392.361.6 and 392.370 RSMo.

b. If the directly competing ILEC, in whose service area the applicant is operating, decreases its originating and/or terminating access service rates, the applicant shall file an appropriate tariff amendment to reduce its originating and/or terminating access rates in the directly competing ILEC's service area within 30 days of the directly competing ILEC's reduction of its originating and/or terminating access rates in order to maintain the cap.

7. The Staff recommends that the "standard" waivers, listed below, be granted, as required by §392.420 RSMo. The Company shall list the waivers in its tariff as long as they are effective.

- 4 CSR 240-3.550 (4) and (5)(A) Quality of service reports
- 4 CSR 240-10.020 Depreciation Records
- 4 CSR 240-30.040 Uniform System of Accounts
- 4 CSR 240-32.050(4)(B) White Pages Distribution (Limited Waiver)
- 4 CSR 240-32.060 Engineering and maintenance
- 4 CSR 240-32.070 Quality of Service
- 4 CSR 240-32.080 Service objectives and surveillance levels
- 4 CSR 240-33.040(1-3) and (5-10) Billing and payment standards
- 4 CSR 240-33.045 Clear identification and placement of charges on bills

4 CSR 240-33.080(1) Identify company name and toll-free number on bills
4 CSR 240-33.130(1), (4) and (5) Operator service requirements
392.210.2 Accounting requirements (system of accounts)
392.240.1 Reasonableness of rates
392.270 Accounting requirements (valuation of property)
392.280 Accounting requirements (depreciation rates/accounts)
392.290 Issuance of stocks, bonds and other indebtedness
392.300 Transfer of property and ownership of stock
392.310 Approval of issuing stocks, bonds and other indebtedness
392.320 Certificate of Commission to be recorded-stock dividends
392.330 Accounting requirements (proceeds of sales of stock, bonds, notes, etc.)
392.340 Company reorganization

WHEREFORE, Staff recommends that the Commission grant Otelco Telecommunications LLC's Application for basic local telecommunications and non-switched local telecommunications service authority and to classify the company and its services in those exchanges as competitive.

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 28th day of April, 2011.

