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COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

In the matter of the investigation of experimental )  
extended measured service (EMS). ) CASE NO. TO-87-131

DISSENTING OPINION OF COMMISSIONER ALLAN G. MUELLER

I respectfully dissent from the majority position regarding the investigation of experimental extended measured service (EMS). It seems that my fellow Commissioners have given away the store with such low rates for both one-way and two-way community optional service (COS). In America it is said that there is no free lunch, however, in Missouri we are going to have substantially underpriced telecommunications service.

It is obvious from the evidence in the case that the Commission is not totally confident that the rates charged for the EAS service will adequately compensate the telephone companies for providing service. As a result we move toward average pricing of this service in which the cost will be spread out among all telecommunications users even though they do not receive the benefit of the service. Those users will include the small rural exchanges that will not qualify for COS as well as the large metropolitan exchanges. Since the 1983 divestiture, the theory of pricing telecommunications service has been moving toward charging the cost causer a rate which reflects, for the most part, the cost of providing the service. It seems in this case we have abandoned that principle and will be providing EAS service to a small segment of customers and by so doing we will eventually have to average the cost of providing that service among all telecommunications users in the state. It is my opinion that this is not the proper direction for telephone pricing.

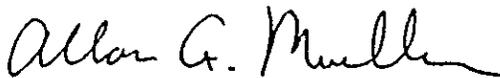
My particular objection to this order is the flaw by which the majority designated Springfield as a rural rate classification. That part of the order is not supported by the evidence. To say that Springfield is a rural area because it has

only 90,523 access lines is like saying Japan is a minor industrial and economic power in the world because it has a relatively small population and occupies a small amount of land mass as compared to the rest of the world.

Springfield is the largest exchange in the 417 LATA, just as Kansas City and St. Louis are the largest exchanges in their respective LATAs. Springfield is the third largest city in the state and the Commission has already determined Springfield to be a metropolitan exchange through the approval of tariffs allowing optional measured metropolitan exchange service (OMMES) to be provided in the Springfield exchange. If Springfield was properly classified as a metropolitan exchange the higher rate would help offset the additional revenue losses which eventually will be absorbed by the general body of customers in order to provide this service. This issue goes to the core of the question of who is going to pay. By classifying Springfield as a rural exchange the Commission has created an inequity which will never be resolved. If Springfield is not now a metropolitan exchange, at what point will it become one? Will it receive the metropolitan rate when it has 200,000 or 300,000 access lines? I believe the evidence is that 90,523 access lines are enough to make Springfield a metropolitan exchange.

Springfield is only the most glaring example of the underpricing of a telecommunications service. This underpricing is done at the expense of the general body of ratepayers who in the long-run receive no benefit from this pricing mechanism but yet will pay a portion of the cost. Under the no free lunch doctrine, I expect in the near future the local exchange companies to file rate cases to pay for the COS program. It is for this reason that I respectfully dissent on this Report and Order.

Respectfully submitted,



Allan G. Mueller  
Commissioner

Dated at Jefferson City, Missouri,  
on this 4th day of January, 1990.