

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Touchtone)
Communications, Inc. for a Certificate of)
Service Authority to Provide Resold and)
Facilities-Based/UNE Basic Local)
Telecommunications Services in Portions)
Of the State of Missouri and to Classify Such)
Services and the Company as Competitive)

Case No. CA-2006-0541

ORDER GRANTING CERTIFICATE TO PROVIDE
BASIC LOCAL TELECOMMUNICATIONS SERVICES

Issue Date: September 18, 2006

Effective Date: September 28, 2006

This order grants a certificate of service authority to provide basic local telecommunications services in the state of Missouri, classifies those services and the company as competitive, and waives certain statutes and regulations.

On June 28, 2006, Touchtone Communications, Inc., applied for a certificate of service authority to provide basic local exchange telecommunications services within the state of Missouri, and for competitive classification. The company seeks certification to provide basic local service in portions of Missouri that are currently being served by Southwestern Bell Telephone L.P., d/b/a AT&T Missouri; Embarq Missouri Inc., d/b/a Embarq; CenturyTel of Missouri, LLC; and Spectra Communications Group, LLC, d/b/a CenturyTel. Touchtone is a Delaware corporation and is authorized to do business in Missouri by the Missouri Secretary of State.

On July 5, 2006, the Commission issued its Notice of Applications, establishing a 15-day deadline for intervention. No applications to intervene were received. On

September 5, 2006, the Staff of the Commission recommended that the requested certificate, classification, and waivers be granted.

The Commission may grant an application for a certificate of service authority to provide telecommunications service upon a showing that the applicant has met the statutory requirements, including relevant service standards,¹ and that the grant of authority is in the public interest.² Based on the verified application, including Touchtone's stated commitment to comply with all applicable rules, as well as Staff's uncontested recommendation, the Commission finds that Touchtone satisfies the requirements for certification and that granting such certificate is in the public interest.

Touchtone also requests that it and its services be classified as competitive and that the application of certain statutes and regulatory rules be waived. The Commission may classify a telecommunications service as competitive if the Commission determines that the applicant is subject to a sufficient degree of competition to justify a lesser degree of regulation.³ The Commission may only classify a telecommunications carrier as competitive if all of its services are so classified.⁴ The Commission may waive the application of certain statutes and of its rules to a competitive carrier if it determines that such waiver is consistent with the purposes of Chapter 392.⁵

¹ See Sections 392.450, 392.451 and 392.455, RSMo 2000. All statutory references, unless otherwise specified, are to the Revised Statutes of Missouri (RSMo), revision of 2000.

² Sections 392.430 and 392.440.

³ Section 392.361.2.

⁴ Section 392.361.3.

⁵ See Sections 392.185, 392.361.3 and 392.420.

The Commission finds that Touchtone will compete with incumbent local exchange carriers, as well as other competitive local exchange carriers, in the exchanges in which it provides basic local telecommunications service. The Commission finds that Touchtone will be subject to a sufficient level of competition to justify a lesser degree of regulation. Furthermore, all of the services Touchtone will offer are qualified for classification as competitive services.

The Commission may waive certain statutes and administrative rules for competitively classified carriers “if such waiver or modification is otherwise consistent with the other provisions of Section 392.361 to 392.520 and the purposes of this chapter.”⁶ The Commission has developed a standard list of statutes and regulations that it waives for competitive local exchange carriers. The Commission finds that the waiver of those statutes and regulation is consistent with the purposes of Chapter 392, and will waive those provisions for Touchtone.

The Commission may also require a telecommunications company to comply with any conditions reasonably necessary to protect the public interest. Staff recommends that Touchtone’s application be granted subject to certain restrictions regarding switched access rates. These conditions are routinely recommended by Staff and Touchtone accepted them in its application. The conditions proposed by Staff are necessary to protect the public interest and will be adopted.

The Commission places Touchtone on notice that failure to comply with certain obligations pursuant to law may result in penalties assessed against the company. These obligations include, but are not limited to, the following:

⁶ Sections 392.361.5 and 392.420.

- A) The obligation to file an annual report, as established by Section 392.210, RSMo 2000. Failure to comply with this obligation will make the utility liable for a penalty of \$100 per day for each day that the violation continues. Rule 4 CSR 240-3.540 requires telecommunications utilities to file their annual report on or before April 15 of each year.
- B) The obligation to pay an annual assessment fee established by the Commission, as required by Section 386.370, RSMo 2000.
- C) The obligation to comply with all relevant laws and regulations, as well as orders issued by the Commission. If the company fails to comply it is subject to penalties for noncompliance ranging from \$100 to \$2,000 per day of noncompliance, under Section 386.570, RSMo 2000.
- D) The obligation to keep the Commission informed of its current address and telephone number.

The company is reminded that its officers may not represent it before the Commission. The company must be represented by an attorney licensed to practice law in Missouri.

In addition, Section 392.410.5, RSMo Cum. Supp. 2005, provides that the company's certificate of service authority becomes null and void one year from the date of this order unless the company has exercised its authority under that certificate.

The Commission notes that before providing telecommunications services in Missouri, a party shall possess the following: (1) an interconnection agreement approved by the Commission; (2) except for wireless providers, a certificate of service authority from

the Commission to provide interexchange or basic local telecommunications services; and (3) except for wireless providers, a tariff approved by the Commission.

Touchtone did not file a proposed tariff as part of its application. The Commission's regulations do not require that such a tariff be filed along with an application for a certificate, but Touchtone is reminded that it cannot provide service in Missouri until its tariff is approved by this Commission.

IT IS ORDERED THAT:

1. Touchtone Communications, Inc. is granted a certificate of service authority to provide basic local telecommunications services in the exchanges of Southwestern Bell Telephone L.P., d/b/a AT&T Missouri; Embarq Missouri Inc., d/b/a Embarq; CenturyTel of Missouri, LLC; and Spectra Communications Group, LLD, d/b/a CenturyTel; subject to the conditions and recommendations contained in the Staff's Memorandum.

2. Touchtone Communications, Inc. and the services it offers are classified as competitive.

3. Touchtone Communications, Inc.'s originating and terminating access rates shall be no greater than the lowest Commission-approved corresponding access rates in effect for each incumbent local exchange carrier within whose service area Touchtone Communications, Inc. seeks authority to provide service, unless authorized by the Commission pursuant to Section 392.220 and 392.230, RSMo.

4. The certificates and competitive service classification for switched exchange access are granted conditioned on the continued applicability of Section 392.200, RSMo, and the requirement that any increase in switched access service rates above the

maximum switched access service rates set forth herein shall be made pursuant to Section 392.200 and 392.230, RSMo, and not Section 392.500 and 392.510, RSMo.

5. If the directly competing incumbent local exchange carrier, in whose service area Touchtone Communications, Inc. is operating, decreases its originating or terminating access service rates, Touchtone Communications, Inc. shall file an appropriate tariff amendment to reduce its originating or terminating access rates in the directly competing incumbent local exchange carrier's service area within 30 days of the directly competing incumbent local exchange carrier's reduction of its originating or terminating access rates in order to maintain the cap.

6. Application of the following statutes and Commission rules is waived:

Statutes

- 392.210.2 - uniform system of accounts
- 392.240.1 - rates-rentals-service & physical connections
- 392.270 - valuation of property (ratemaking)
- 392.280 - depreciation accounts
- 392.290 - issuance of securities
- 392.300.2 - acquisition of stock
- 392.310 - stock and debt issuance
- 392.320 - stock dividend payment
- 392.330 - issuance of securities, debts and notes
- 392.340 - reorganization(s)

Commission Rules

- 4 CSR 240-3.550(5)(C) - exchange boundary map
- 4 CSR 240-10.020 - depreciation fund income
- 4 CSR 240-30.040 - uniform system of accounts

7. The certification granted herein is conditioned upon the company's compliance with the regulatory obligations set out in this order.

8. Touchtone Communications, Inc. is advised that the grant of authority contained in this order may not, by itself, be sufficient to permit it to lawfully provide

telecommunications services in Missouri. Specifically, Touchtone Communications, Inc. cannot lawfully provide telecommunications services until it has a tariff in effect for such services. When Touchtone Communications, Inc. submits such a tariff, it shall do so by filing a non-case tariff submission. The tariff submission shall not be filed in this case.

9. This order and Touchtone Communications, Inc.'s certificate shall become effective on September 28, 2006.

10. This case shall be closed on September 29, 2006.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Ronald D. Pridgin, Senior Regulatory Law
Judge, by delegation of authority pursuant
to Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 18th day of September, 2006.