

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY**

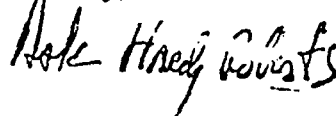
December 4, 1997

CASE NO: TO-98-49

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Enclosed find certified copy of ORDER in the above-numbered case(s).

Sincerely,



**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**

Uncertified Copy:

Stephen F. Morris, 701 Brazos, Suite 600, Austin, TX 78701

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 4th
day of December, 1997.

In the Matter of the Application of the Mid-Missouri)
Group and the Small Telephone Company Group of)
Incumbent Local Exchange Companies for Designation)
as Telecommunications Company Carriers Eligible for) Case No. TO-98-49
Federal Universal Service Support Pursuant to)
Section 254 of the Telecommunications Act of 1996.)
)

ORDER APPROVING STIPULATION AND
DESIGNATION OF ELIGIBLE TELECOMMUNICATIONS CARRIERS

The Mid-Missouri Group¹ (Mid-Mo) and the Small Telephone Company
Group² (STCG), collectively referred to as "Applicants," jointly filed on
August 1, 1997, an Application for Designation as Eligible Carriers
Pursuant to Section 254 of the Telecommunications Act of 1996. The
Applicants asked the Commission to designate each of the members of Mid-Mo

¹Alma Telephone Company, Chariton Valley Telephone Corporation, Choctaw
Telephone Company, Mid-Missouri Telephone Company, Modern Telecommunica-
tions Company, MoKan Dial, Inc., Northeast Missouri Rural Telephone
Company, and Peace Valley Telephone Company, Inc.

²ALLTEL Missouri, Inc., BPS Telephone Company, Bourbeuse Telephone Company,
Cass County Telephone Company, Citizens Telephone Company of Higginsville,
Missouri, Inc., Craw-Kan Telephone Cooperative, Inc., Ellington Telephone
Company, Farber Telephone Company, Fidelity Telephone Company, Goodman
Telephone Company, Inc., Granby Telephone Company, Grand River Mutual
Telephone Corporation, Green Hills Telephone Corporation, Holway Telephone
Company, Iamo Telephone Company, KLM Telephone Company, Kingdom Telephone
Company, Lathrop Telephone Company, Le-Ru Telephone Company, Mark Twain
Rural Telephone Company, McDonald County Telephone Company, Miller
Telephone Company, New Florence Telephone Company, New London Telephone
Company, Orchard Farm Telephone Company, Oregon Farmers Mutual Telephone
Company, Ozark Telephone Company, Rock Port Telephone Company, Seneca
Telephone Company, Steelville Telephone Exchange, Inc., and Stoutland
Telephone Company.

and STCG, all of whom are incumbent local exchange carriers (ILECs), as telecommunications carriers eligible to receive federal universal service support under 47 C.F.R. § 54.201(d). Beginning on January 1, 1998, any carrier that is eligible for universal service support must provide the services that are supported by federal universal support mechanisms as described in 47 C.F.R. § 101 using its own facilities at least in part. The carrier must also advertise the availability of those services and the charges for them using media of general distribution. 47 C.F.R. § 54.201(d). Where a telecommunications carrier is otherwise eligible for universal service support it may request additional time to complete the network upgrades necessary to provide single-party service, access to enhanced 911 service, or toll limitation. 47 C.F.R. § 54.101(c). The Commission may grant a request for additional time only on a showing of exceptional circumstances and for the period of time the Commission deems necessary to complete the upgrades. *Id.* Because funding will become available under these conditions in January of 1998, the Applicants have asked the Commission to make a determination of their eligibility no later than December 31, 1997.

The Commission issued its order directing interested parties to file applications to intervene by September 8. The Commission granted intervention to United Telephone Company of Missouri d/b/a Sprint, MCI Telecommunications Corporation, MCImetro Access Transmission Services, Inc., and Southwestern Bell Telephone Company, and set a date for a prehearing conference.

The parties met in prehearing conference on October 1, and filed a Stipulation and Agreement (Stipulation) on October 23. The Stipulation provided for the applicants to be designated eligible telecommunications

carriers for purposes of federal universal service support, and to be granted additional time to provide single-party service in all exchanges and toll limitation. No party requested a hearing.

The parties agreed that each of the ILECs comprising Mid-Mo and STCG, with the exception of Cass County, KLM and Ozark, provide the following services:

- (1) Voice grade access to the public switched network;
- (2) Local usage;
- (3) Dual tone multifrequency signaling or its functional equivalent;
- (4) Single-party service or its functional equivalent;
- (5) Access to emergency services;
- (6) Access to operator services;
- (7) Access to interexchange services; and
- (8) Access to directory assistance.

Cass County, KLM and Ozark provide all of these services except for single-party service.

The parties stipulated that none of the Mid-Mo and STCG members are capable at the present time of providing toll limitation for qualifying low-income customers, as that service is defined by the Federal Communications Commission (FCC) because they do not have the technical ability to provide toll control. Providing toll control will require extensive revisions to telephone company billing systems and the establishment of totally new information exchanges among carriers. The parties agreed that exceptional circumstances prevent the ILECs from presently providing this service and that the Commission should grant them additional time to provide this service pursuant to 47 C.F.R. § 54.101(c). The parties agreed that the Applicants will either provide toll limitation, including toll

control, on or before December 31, 1999. In the event that they will not be able to meet that deadline, the Applicants will file a request with the Commission for additional time by November 1, 1999, and a report setting out the current status of the technology. The Applicants agreed to serve a copy of these documents on each of the parties to this case. The Applicants will also provide reports regarding the status of the technology for toll control and the progress being made toward its implementation on or before December 31, 1998, to the Commission and the parties to this case.

The parties stipulated that exceptional circumstances prevent KLM from providing single-party service to approximately 260 of its customers. KLM and Staff have agreed to a modernization plan whereby the company will use its own employees to complete the upgrades in order to avoid having to incur an additional financial burden which might increase rates for local service. The agreement was filed in KLM's modernization case, TO-97-555, on September 26; Staff filed Suggestions in Support of the Stipulation on November 3. The parties to this case are agreed that KLM should be granted additional time up to December 31, 1998, to provide single-party service to all of its customers pursuant to 47 C.F.R. § 54.101(c).

The parties stipulated that exceptional circumstances prevent Ozark from providing single-party service to approximately 204 customers. Ozark has been granted an extension of time to complete its modernization plan by the Commission up to December 31, 1998, based on its inability to obtain needed financing. See Case No. TM-95-134, Order Granting Extension of Time to Complete Modernization Plan issued September 25, 1997. The parties are agreed that Ozark should be granted additional time up to

December 31, 1998, to provide single-party service to all of its customers pursuant to 47 C.F.R. § 54.101(c).

The parties stipulated that exceptional circumstances prevent Cass County from providing single-party service to approximately 747 customers. Cass County has filed a request with the Commission for an extension of time to complete its modernization based on the fact that it has not received the universal service funding it was relying on to complete these upgrades. Staff filed a response in support of Cass County's request on October 17. See Case No. TM-95-163. Cass County filed an application with the FCC for a waiver of 47 C.F.R. §§ 36.612(a) and 36.631(d) in connection with this delay in modernization and this Commission submitted comments in support of the application on May 19. See AAD 97-59. The parties are agreed that Cass County should be granted additional time up to December 31, 1998, to provide single-party service to all of its customers pursuant to 47 C.F.R. § 54.101(c).

The parties agreed that all of the Applicants qualify for designation as "eligible telecommunications carriers" under the provisions of 47 C.F.R. § 54.201(d) because, throughout their respective exchanges or service areas, each of them, with the exceptions noted above, offer the services to be supported by federal universal service support using their own facilities. In addition, the Applicants advertise the availability of these services using directories, public record tariffs, newsletters and bill stuffers. The Applicants have agreed to comply with any additional advertising in media of general distribution that the Commission deems appropriate to meet the requirements of 47 C.F.R. § 54.201(d)(2). The parties recommend that the Commission establish a docket in early 1998 to determine if there should be a rulemaking to establish the requirements of

47 C.F.R. § 54.201(d) (2) for telecommunications companies in which all issues involving these requirements may be addressed. In the interim, the parties agree that the ILECs' current advertising is adequate until such time as the issues are explored more fully in the docket to be established in early 1998.

Each of the Applicants agreed that, if it does not have a tariff providing Lifeline services as defined in 47 C.F.R. § 54.401 and Link Up services to qualifying low-income customers, it will file a tariff with the Commission to be effective before the end of 1997 so that such service will be available to qualifying low-income consumers by January 1, 1998. The parties recommended that the Commission address the issue of authorizing a state reduction of \$1.75 in the local rate in accordance with 47 C.F.R. § 54.503(a) in conjunction with the LifeLine tariff filings.

The parties recommended that the Commission issue an order to be effective prior to December 31, 1997, designating each of the ILECs of the Mid-Mo and STCG as telecommunications carriers eligible to receive federal universal service support, granting the requested additional time to provide single-party service and toll limitation, and designating the service area of each applicant to be equivalent to its "study area" unless and until determined otherwise pursuant to 47 C.F.R. § 54.207(b).

The Commission has reviewed the pleadings in the case and the Stipulation and Agreement of the parties and finds that the Stipulation should be approved in resolution of all issues and the Applicants shall be designated as eligible telecommunications carriers for purposes of federal universal service support. The Commission finds that exceptional circumstances exist which prevent the Applicants from providing ubiquitous single-party service and toll limitation and that the requested extensions

of time shall be granted. The Commission finds that a case should be established to determine whether a rule should be promulgated specifying the standards for advertising that the Commission will find adequate to meet the requirements of 47 C.F.R. § 54.201(d)2).

IT IS THEREFORE ORDERED:

1. That the Stipulation and Agreement filed by the partes on October 23, 1997, is approved in resolution of the issues.

2. That each of the Applicants is designated an eligible telecommunications carrier for purposes of federal universal service support pursuant to 47 U.S.C. §§ 214(e) and 254(e). Each applicant's certificated Missouri service area shall be its service area for purposes of federal universal service support. Each applicant's service area shall be equivalent to its "study area" pursuant to 47 C.F.R. § 54.207(b).

3. That extensions of time until December 31, 1998, to provide single-party service to all customers are granted to KLM Telephone Company, Ozark Telephone Company, and Cass County Telephone Company.

4. That extensions of time until December 31, 1999, to provide toll limitation as defined by 47 C.F.R. § 54.400 are granted to the Applicants. The Applicants will file a report with the Commission no later than December 31, 1998, regarding the status of the technology and progress being made toward implementing toll limitation. If exceptional circumstances continue to prevent compliance by the extended deadline, the Applicants will file a request for additional time no later than November 1, 1999, accompanied by a report on the status of the technology as of that date.

5. That the Commission will establish a docket by separate order to determine whether a rule should be promulgated specifying standards for advertising adequate to meet the requirements of 47 C.F.R. § 54.201(d)2).

6. That each applicant that does not have a Lifeline tariff in effect shall submit a tariff providing Lifeline services to the Commission for approval no later than December 31, 1997.

7. That this order shall become effective on December 16, 1997.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Drainer
and Murray, CC., concur.

Wickliffe, Deputy Chief Regulatory Law Judge

ALJ/Sec'y: Widuliffe / Pope

12-1
Date Circulated

10-98-49
CASE NO.

[Signature]
Zobrist, Chairman

[Signature]
Crumpton, Commissioner

[Signature]
Murray, Commissioner

[Signature]
Lumpe, Commissioner

[Signature]
Drainer, Vice-Chair

12-4
Agenda Date

Action taken: 4-OA's

Must Vote Not Later Than _____

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

I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,
Missouri, this 4th day of December, 1997.

Dale Hardy Roberts

**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**