

Receipt

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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NOV 28 2001

Missouri Public
Service Commission

In the matter of the Joint Application of GTE)
Midwest Incorporated d/b/a Verizon Midwest)
and CenturyTel of Missouri, LLC for 1))
authority to transfer and acquire part of Verizon)
Midwest's franchise, facilities or system located)
in the State of Missouri; 2) for issuance of)
certificates of service authority to CenturyTel)
of Missouri, LLC ; 3) to designate CenturyTel)
of Missouri, LLC as subject to regulation as a)
price cap company; and (4) to designate)
CenturyTel of Missouri, LLC as a)
telecommunications carrier eligible to receive)
federal universal service support.)

Case No. TM-2002-232

Exhibit No. 3

Date 4/25/02 Case No. TM 2002-232

Reporter KCM

JOINT APPLICATION

Come now GTE Midwest Incorporated d/b/a Verizon Midwest ("Verizon") and CenturyTel of Missouri, LLC ("CenturyTel") (collectively "Joint Applicants") and file this verified application pursuant to 4 CSR 240-2.060 respectfully requesting that the Missouri Public Service Commission ("Commission") issue an order that:

(a) grants authority to transfer and acquire certain of Verizon's franchise, facilities or system located in the State of Missouri pursuant to § 392.300, RSMo 2000;

(b) issues certificates of service authority to CenturyTel to provide local exchange telecommunications service, including basic local telecommunications service, and interexchange telecommunications services pursuant to §§ 392.410 and 392.430, RSMo 2000;

(c) authorizes Verizon to discontinue the provision of telecommunications services in the enumerated Missouri exchanges;

(d) designates CenturyTel as a company subject to price cap regulation pursuant to

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§ 392.245, RSMo 2000; and

(e) designates CenturyTel as a telecommunications carrier eligible under the provisions of 47 CFR 54.201(d) to receive federal universal service support.

In support of their Joint Application, Joint Applicants state as follows:

1. Verizon is a corporation duly organized and existing under the laws of the State of Delaware; its principal office and place of business is located at 601 Monroe Street, Suite 304, Jefferson City, Missouri 65101. Verizon's telephone number is (573) 636-7196 and its fax number is (573) 636-6826. Verizon currently provides telecommunications service to approximately 369,000 access lines pursuant to certificates of public convenience and necessity issued by this Commission in Cases No. TA-88-81, TA-88-78, TA-88-43. Verizon is authorized to do business in Missouri and its fictitious name is duly registered with the Missouri Secretary of State. The requisite certificates and supporting information have been previously furnished to the Commission in preceding cases, most recently in Case No. TO-2001-29, *In the Matter of GTE Midwest Incorporated's Name Change to GTE Midwest Incorporated d/b/a Verizon Midwest*, and Verizon hereby incorporates such information by reference. Verizon is a "telecommunications company" and a "public utility" as those terms are defined in §392.020, RSMo 2000, and, therefore, is subject to the jurisdiction, supervision and control of this Commission.

2. CenturyTel is a Louisiana Limited Liability Company authorized to do business in Missouri as evidenced by the certificate of authority issued by the Missouri Secretary of State attached hereto and incorporated by reference as Exhibit 1. CenturyTel's address is 100 CenturyTel Drive, Monroe, Louisiana 71211-4065. Its telephone number is (318) 388-9416 and

its fax number is (318) 388-9602. CenturyTel is a new company that seeks to continue the business presently carried on by Verizon of providing telecommunications services to the public in the state of Missouri. If the instant transaction is approved by the Commission, CenturyTel will become a "telecommunications company" and a "public utility" as those terms are defined in § 392.020, RSMo. 2000, and will be subject to the jurisdiction, supervision and control of this Commission.

3. All communications, correspondence, and pleadings in regard to this application should be directed to:

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(318) 388-9416
(318) 388-9602 (fax)
ted.hankins@centurytel.com

Transfer of Properties

4. Pursuant to an Asset Purchase Agreement entered into by and between CenturyTel and Verizon dated October 22, 2001, Verizon proposes to sell certain telephone properties and

related assets used in the provision of such service in the State of Missouri. On this same date, Joint Applicants are filing a Motion for Protective Order pursuant to 4 CSR 240-2.085(2) requesting authority to file certain exhibits to this Joint Application as proprietary documents. Subject to the granting of that Motion for Protective Order, a copy of the Asset Purchase Agreement is marked "proprietary" and attached hereto and incorporated by reference as Exhibit 2. A complete list of the exchanges to be transferred is attached hereto and incorporated by reference as Exhibit 3. A more comprehensive description of the franchise, facilities and system proposed to be transferred and the terms and conditions of the proposed transfer are set forth in Section 2.1.1 of the Asset Purchase Agreement (Proprietary Exhibit 2).

5. Upon the closing of the transaction contemplated by the Asset Purchase Agreement, Verizon proposes to discontinue the provision of telecommunications services in the enumerated Missouri exchanges and, concurrently therewith, CenturyTel proposes to commence the provision of telecommunications services in those exchanges.¹

6. The proposed transaction has been authorized by the Board of Directors of CenturyTel as evidenced by the certified copy of a Resolution to that effect, attached hereto and incorporated by reference as Exhibit 4. In addition, the Board of Directors of Verizon has authorized the proposed transaction as evidenced by Exhibit 5 attached hereto and incorporated herein by reference.

7. A pro forma balance sheet and income statement showing the effect of the proposed acquisition upon CenturyTel is currently being prepared and will be filed as late-filed Proprietary

¹The specific services that Verizon will cease providing and the services that other Verizon Affiliates may continue to provide are listed in the Asset Purchase Agreement (see Section 2.1).

Exhibit 6 as soon as it is completed.

8. The proposed transaction is not detrimental to the public interest in that CenturyTel possesses the managerial, engineering and financial expertise necessary to continue to provide the quality of service that Verizon currently provides to its customers in the enumerated exchanges. CenturyTel is committed to providing the most modern technology available. CenturyTel's parent company, CenturyTel Inc., provides communications services, including local exchange, wireless, long distance, Internet access and data services, to more than three million customers in 21 states. CenturyTel, Inc., headquartered in Monroe, Louisiana, is focused on providing communications services in rural exchanges. CenturyTel Inc., through its affiliate CenturyTel of Northwest Arkansas, provides service in two Missouri exchanges in Southwest Missouri and is also an owner of Spectra Communications Group, LLC, d/b/a CenturyTel that recently purchased 107 rural exchanges in Missouri from Verizon. CenturyTel proposes no immediate change in the operation of Verizon's properties as a result of the proposed transaction and, in fact, proposes to retain all of Verizon's existing employees who currently provide service to these exchanges. Moreover, CenturyTel proposes no immediate changes in the rates, terms and conditions of the telecommunications service that Verizon currently provides to customers in the enumerated exchanges. However, Joint Applicants request a waiver of Commission rule 4 CSR 240-33.150, Verification of Orders for Changing Telecommunications Service Provider, if applicable.

9. The proposed transfer should have no impact on the tax revenues of the political subdivisions in which any of the structures, facilities or equipment of Verizon is located inasmuch as the location and the character of these structures, facilities or equipment will not

change as the result of the proposed transaction nor will the tax status of the entity owning the same.

Certificate of Service Authority

10. Upon approval of this transaction, CenturyTel proposes to begin provision of telecommunications services in the enumerated exchanges immediately upon closing. Accordingly, CenturyTel seeks a Certificate of Service Authority to provide local exchange telecommunications service, including basic local telecommunications service, and interexchange telecommunications services within the Missouri exchanges listed on Exhibit 3 currently served by Verizon.

11. Marked as Exhibit 7 and attached to this application are copies of exchange boundary maps on file with and approved by the Commission for the enumerated exchanges. CenturyTel seeks to provide service to the same area and within the same boundaries shown on these maps. These maps provide the most accurate depiction of the service areas in question.

12. CenturyTel seeks to continue telecommunications services to these areas currently served by Verizon under the same rates, terms and conditions as are currently in force for those exchanges, and after this transaction is approved, will adopt, in all material respects, Verizon's tariffs. Accordingly, CenturyTel requests a waiver of 4 CSR 240-2.060(6)(C) requiring that a proposed tariff with a forty-five (45) day effective date be filed with its request for certificates of service.

13. CenturyTel will obtain the appropriate approvals to provide service in the enumerated exchanges because all necessary approvals of governmental bodies will be transferred from Verizon as provided by the terms of the Asset Purchase Agreement marked as

Proprietary Exhibit 2 and attached hereto.

14. The granting of the application for a certificate is required by the public convenience and necessity in order for the customers of the enumerated exchanges to continue receiving the telecommunications services which they are currently receiving from Verizon. Joint Applicants have previously set out in Paragraph 8 of this Application facts showing that the proposed transfer is not detrimental to the public interest, and these same facts also show that the granting of the application is required by the public convenience and necessity.

15. CenturyTel has shown in Paragraph 8 of the Application that it possesses the necessary technical, financial and managerial resources and abilities to provide telecommunications services, including basic local telecommunications services, and interexchange telecommunications service. Verizon no longer desires to provide the aforementioned services and is willing to relinquish its obligation to provide service at such time as CenturyTel is authorized to begin providing service in the enumerated changes. For this reason, the public convenience and necessity requires that a certificate be granted to CenturyTel.

Price Cap Regulation

16. Section 386.020(22) defines "incumbent local exchange telecommunications company" as a "local exchange telecommunications company authorized to provide basic local telecommunications service in a specific geographic area as of December 31, 1995, or a successor in interest to such a company." GTE Midwest Incorporated ("GTE") (now Verizon) was a local exchange telecommunications company authorized to provide basic local telecommunications service as of December 31, 1995. After the Commission approves the transfer of assets requested in this Joint Application, CenturyTel will become a "successor in

interest" to GTE/Verizon and will be an incumbent local exchange company ("ILEC").

17. Section 386.020(30) defines a large local exchange telecommunications company as a company that has at least one hundred thousand access lines in Missouri. After the purchase, CenturyTel will clearly have over 100,000 access lines in Missouri. Consequently, CenturyTel will be a large incumbent local exchange telecommunications company as defined in Missouri statutes.

18. Section 392.245.2 requires a large local exchange telecommunications company to be regulated pursuant to price cap regulation when certain specific events occur. This section reads in pertinent part:

A large incumbent local exchange telecommunications company shall be subject to regulation under this section upon a determination by the commission that an alternative local exchange telecommunications company has been certified to provide basic local telecommunications service and is providing such service in any part of the large incumbent company's service area.

Thus, a large ILEC must show two things in order to obtain price cap status: 1) that a competitive local exchange company ("CLEC") is properly certificated to provide service in its service area; and 2) that the CLEC is, in fact, providing service in any part of the ILEC's service area.

19. In Case TO-99-294, the Commission found that a CLEC was properly certificated to provide service in Verizon's service area and that the CLEC was, in fact, providing service in Verizon's service area. In Case No. TM-2000-182 (the sale and transfer of certain Verizon exchanges to Spectra Communications Group LLC) the Commission reaffirmed the price cap status of Verizon. The facts which supported the Commission's determination in that case remain substantially the same today. Since CenturyTel will be acquiring the exchanges formerly served by Verizon, CenturyTel also qualifies under the statute to obtain price cap regulation.

Eligible Telecommunications Carrier Status

20. Section 214(e)(1) of the Telecommunications Act of 1996 ("the Act") states that a carrier may be designated as an eligible telecommunications carrier and therefore receive universal service support so long as the carrier, throughout its service area: (1) offers the services that are supported by federal universal service support mechanisms under section 254(c) of the Act; (2) offers such services using its own facilities or a combination of its own facilities and resale of another carrier's services, including the services offered by another eligible telecommunications carrier; and (3) advertises the availability of and charges for such services using media of general distribution. Title 47 of the Code of Federal Regulations § 54.201(b) states that the Commission shall, on its own motion or upon request, designate a common carrier an "eligible telecommunications carrier" so long as the carrier meets the requirements of 47 CFR 54.201(d). Title 47 CFR § 54.201(c) further states that a state commission shall designate more than one common carrier as an eligible telecommunications carrier for a service area designated by the state commission so long as the additional requesting carrier meets the requirements of § 54.201(d).

21. When CenturyTel's certificates and tariff become effective, CenturyTel will offer all of the services supported by federal universal service support under § 254(c) of the Act. Specifically, CenturyTel will offer the following services:

- (1) Voice grade access to the public switched network;
- (2) Local usage;
- (3) Dual tone multi-frequency 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 service;
- (8) Access to directory assistance; and
- (9) Toll limitation for qualifying low-income consumers.²

22. CenturyTel will advertise the availability of and charges for such services using media of general distribution within its service area.

23. CenturyTel acknowledges that 47 CFR 54.405 requires all eligible telecommunications carriers to make Lifeline services (as defined in 47 CFR 54.401) available to qualifying low-income consumers. Pursuant to its tariff to be filed with the Commission, Lifeline services will be available to qualifying low-income consumers in its service area.

24. Neither Verizon nor CenturyTel have any pending action or final unsatisfied judgments or decisions against them from any state or federal agency or court that involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of the application.

25. Neither Verizon nor CenturyTel have any annual report or assessment fees that are overdue.

WHEREFORE, Joint Applicants respectfully request the Commission to issue its order:

²On December 30, 1997, the FCC changed its definition of toll-limitation services in its Fourth Order on Reconsideration of the Universal Service Report and Order, CC Docket Nos. 96-45 et al. The FCC stated, "we define toll-limitation services as either toll blocking or toll control and require telecommunications carriers to offer only one, and not necessarily both, of those services at this time in order to be designated as eligible telecommunications carriers." *Id.* at 2103. CenturyTel will offer toll blocking service to qualifying customers.

1. Approving the transfer and acquisition of that part of Verizon's franchise, facilities and system used in providing service to the public in the Missouri exchanges listed on Exhibit 3 in accordance with the Asset Purchase Agreement attached hereto as Proprietary Exhibit 2;
2. Authorizing Verizon to discontinue providing telecommunication services in the enumerated exchanges as of the date of transfer;
3. Granting a certificate of service authority to CenturyTel to provide local telecommunications service, including basic local telecommunications service, and interexchange telecommunications service to the enumerated exchanges;
4. Authorizing CenturyTel to commence providing telecommunications services in the enumerated exchanges effective on the date of closing of the sale;
5. Authorizing Joint Applicants to do and perform, or cause to be done and performed, such other acts and things, as well as to make, execute and deliver any and all documents as may be necessary, advisable and proper to the end that the intent and purposes of this transaction may be fully effectuated;
6. Designating CenturyTel as a company subject to price cap regulation pursuant to § 392.245, RSMo;
7. Designating CenturyTel as an eligible telecommunications carrier eligible to receive federal universal service fund support; and
8. Granting such other relief as is reasonable in the circumstances.

Respectfully submitted,



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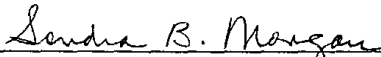
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VERIFICATION

STATE OF Texas)
)
COUNTY OF Dallas)

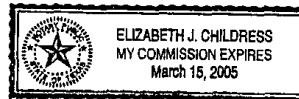
I, STEVE M. BANTA, of lawful age, being duly sworn, depose and state:

1. My name is Steve M. Banta. I am the Group President for the Northwest and Southwest Regions of Verizon. I am authorized to execute this verification on behalf of GTE Midwest Incorporated d/b/a Verizon Midwest.
2. I have reviewed the foregoing Application. I have knowledge of the facts within the Application, and they are true and correct to the best of my knowledge and belief.



Subscribed and sworn to before me this 16th day of November 2001.

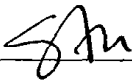

Notary Public



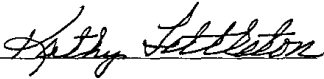
My commission expires: 3/15/2005

STATE OF LOUISIANA)
) SS
PARISH OF OUACHITA)

I, Stacey W. Goff, of lawful age, being first duly sworn upon my oath, state that I am the Vice President and Assistant Secretary of CenturyTel of Missouri, LLC; that I am authorized to execute this Application on behalf of CenturyTel of Missouri, LLC; and that the facts set forth in the foregoing Application are true to the best of my knowledge, information and belief.



Subscribed and sworn to before me this 26th day of November, 2001.



Notary Public

My Commission expires:

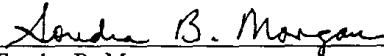
at death

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was hand-delivered this 28th day of November, 2001 to:

Mr. Mike Dandino
Office of the Public Counsel
P.O. Box 7800
Jefferson City, Missouri 65102

Mr. Dan Joyce, General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102



Sondra B. Morgan