

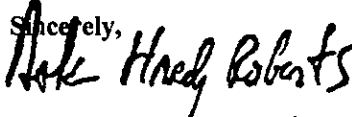
STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION  
JEFFERSON CITY  
February 17, 1998

CASE NO: TW-97-333

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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

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To All Certificated Telecommunication Companies in Missouri

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 17th  
day of February, 1998.

In the Matter of an Investigation       )  
into the Provision of Community       )  
Optional Calling Service in Missouri   )  
CASE NO. TW-97-333

**Order Regarding Extension of Deadline**

The Commission has decided to extend the deadline for the elimination of mandatory Community Optional Service (COS). Although the date should be extended, for the reasons set out below, it would not be prudent for the Commission to allow this barrier to competition to remain any longer than necessary.

On October 16, 1997, the Commission issued its Report and Order (the Order) in which COS was eliminated as a mandatory service. The Commission directed that any expanded area calling service to be offered must be cost-based and could not rely upon a hidden subsidy.<sup>1</sup> The Order directed that COS, as it is now offered, must end on March 31, 1998.

The Commission has maintained a watchful eye on the process of implementation of replacement services, the responsiveness of the telecommunications industry and the overall preparation for the transition to a more competitive environment. The Order gave the telecommunications companies five and one-half months in which to both

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<sup>1</sup> State statute prohibits the subsidization of competitive services by non-competitive services. See Section 392.400. In addition, the federal Telecommunications Act of 1996 requires that subsidies be explicit and competitively neutral. For these reasons, although the consumers desire to retain this service, it is a service which may not lawfully remain.

eliminate and replace COS. However, the industry has been unexpectedly slow to respond and their customers are now facing an imminent deadline. Therefore, the Commission has, *sua sponte*, reviewed the status of this case including, but not limited to, the testimony filed herein.

The Staff of the Public Service Commission (Staff) was a party to this case and proffered testimony on the elimination of COS as well as the way in which that elimination might occur in phases. The Commission has specifically turned its attention to the testimony of the Staff witness. Within that testimony the Staff's first suggestion for elimination was that the Commission eliminate COS routes simultaneously. "A simultaneous transition will also eliminate customers 'looking over the fence' and seeing a neighboring exchange with COS in its present form while they were switched to one-way COS." (Staff direct, p. 13.) However, as an alternative, Staff considered a more gradual phase-out.

I strongly believe one-way COS should be subsumed in a competitive environment which would result in the most appropriate and permanent solution. I am not suggesting that one-way COS would be subsumed overnight by competition but realize it would be retained in each route until competition enters into that area. (Staff direct, p. 15.)

The Commission concludes it is appropriate to extend the deadline for the elimination of COS and to phase it out instead of requiring a simultaneous elimination. Inasmuch as one of the major concerns regarding the elimination of this service was the ability of families and school children to communicate in rural communities without incurring long distance charges, the Commission finds it appropriate to move the date for beginning the elimination of COS from March 31, to June 1, 1998.

The Commission will require COS to be phased out as intraLATA

presubscription<sup>2</sup> is implemented in either the target or petitioning exchange. This implementation will, of necessity, coincide with the capability for competition and the availability of multiple competitors. Inasmuch as the retention of COS presents an ongoing barrier to competition, the public would be better served if the phase-outs occur as soon as feasible. However, under no circumstance may the Commission allow COS to exist after the federal deadline of February 28, 1999.

In addition to delaying the deadline for the elimination of COS the Commission has created a separate case in which it shall examine public access to the internet. See In re: an Investigation into the Provision of Internet Access in Missouri, Case No. TW-98-155. The Commission has also determined it appropriate to establish a case in which it may examine calling scopes in a competitive environment.

In order to ensure notice to the public of these matters the Commission shall follow its long-standing, time-honored, routine practice of directing its Information Office to send a copy of this order to every member of the General Assembly as well as notice of this order to every newspaper listed in the official newspaper section of the **Official Manual of the State of Missouri**. In addition, the Commission will direct its Records Department to send a copy of this order to every certificated telecommunications company in the state of Missouri.

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2     IntraLATA presubscription, or equal access, is the condition where all long distance carriers must be accessible by dialing 1+ and not a string of long dialing codes . . . telephone subscribers are being asked to choose their primary carrier who they will reach by dialing 1 before their long distance number. Newton's Telecom Dictionary, 10<sup>th</sup> Edition, 1996.

**IT IS THEREFORE ORDERED:**

1. That the date for the complete elimination of Community Optional Calling Service, of March 31, 1998, is suspended.
2. That Community Optional Calling Service shall be phased-out on or after June 1, 1998, and that each Community Optional Service route shall be eliminated upon the implementation of intraLATA pre-subscription into either the target or the petitioning exchange of that route.
3. That for any exchanges which have not phased-out Community Optional Calling Service pursuant to ordered paragraph 2, shall not retain Community Optional Calling Service past the federally mandated deadline of February 28, 1999.
4. That the Information Office and the Records Department shall issue notice as set out herein.
5. That this order shall become effective on February 27, 1998.

**BY THE COMMISSION**



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

(S E A L)

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

Roberts, Chief Regulatory Law Judge

Alt/Sec'y: Roberta / Pridair

Date Circulated 2/17/98

CASE NO. 12-97-333

[Signature]  
Lumpke, Chair

[Signature]  
Crumpston, Commissioner

[Signature]  
Murray, Commissioner

[Signature]  
Commissioner

[Signature]  
Draher, Vice-Chair

Agenda Date 2/17/98

Action taken: 4-0 AA

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 17th day of February, 1998.

[Signature: Dale Hardy Roberts]

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

