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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Prehearing Conference

February 11, 2003
Jefferson City, Missouri
Volume 1

In the Matter of the Investigation)
of the State of Competition in the) Case No. IO-2003-0253
Exchanges of CenturyTel Missouri,)
LLC.)

KEVIN A. THOMPSON, Presiding,
DEPUTY CHIEF REGULATORY LAW JUDGE.

REPORTED BY:
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FOR: Staff of the Missouri Public
Service Commission.

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P R O C E E D I N G S

JUDGE THOMPSON: Good morning. We're here in the matter of the investigation of the state of competition in the exchanges of CenturyTel Missouri, LLC. This is Case No. IO-2003-0253. My name is Kevin Thompson. I'm the Regulatory Law Judge assigned to preside over this matter.

And we will begin with oral entries of appearance, with the company going first, please.

MR. FISCHER: On behalf of CenturyTel Missouri, LLC, let the record reflect the appearance of James M. Fischer, 101 Madison Street, Suite 400, Jefferson City, Missouri 65101.

JUDGE THOMPSON: Very well. Thank you. Staff?

MR. HAAS: William K. Haas appears on behalf of the Staff of the Public Service Commission. My address is Post Office Box 360, Jefferson City, Missouri 65102.

JUDGE THOMPSON: Thank you. The only matter filed in this case so far is a Joint Motion to Open Case and Stipulation & Agreement.

This is a somewhat unusual document. I wonder, Mr. Fischer, if you could tell me briefly just what this is and what relief CenturyTel seeks from the Commission.

MR. HAAS: Your Honor, the company and Staff

1 and the Public Counsel have had discussions regarding the
2 appropriate interpretation of the price cap statute in light
3 of the sale of the Verizon properties to CenturyTel.

4 In that particular sale docket, we agreed that
5 price cap regulation would commence on September 1st of last
6 year, and there was some discussion among the three parties
7 regarding how that would affect what we call the five-year
8 clock regarding the need to have an investigation into
9 effective competition in the exchanges of the price cap
10 regulated companies under 392.245.

11 This is designed to clarify that
12 interpretation, and particularly for the company to agree
13 that they will not assert a legal argument that the
14 five-year clock that had started with Verizon was already
15 running and would affect them and, therefore, we needed to
16 have an investigation within a five-year period from the
17 time that they had competition.

18 Otherwise, the company would be in a position
19 to argue that under the law they -- the services were
20 effectively competitive and would be deemed competitive. We
21 agreed that that would not be the interpretation that we
22 would assert.

23 And we also use this document to inform the
24 Commission that, although we aren't planning to make that
25 argument, we don't see the need for a full-blown

1 investigation within the GTE or Verizon five-year clock. We
2 do expect that we will be filing an application in the year
3 2003, probably not in the very distant future, where we will
4 ask the Commission to investigate the state of competition
5 for a very limited number of exchanges and services. And we
6 expect that to be happening in the not too distant future.

7 JUDGE THOMPSON: Okay. Mr. Haas, do you have
8 anything to add?

9 MR. HAAS: Yes, your Honor. I would point out
10 that the Staff filed suggestions in support of the
11 stipulation. Those were filed on February 6th, I believe.

12 JUDGE THOMPSON: You're quite right. I
13 apologize for not mentioning those.

14 MR. HAAS: And I would agree with what
15 Mr. Fischer has said. The significance of the stipulation
16 is that the presumption that effective competition exists in
17 the exchanges of CenturyTel would begin at September 1, 2007
18 rather than occurring in the current year under the terms of
19 the stipulation.

20 In the Order Setting Prehearing Conference, we
21 were asked to address whether we thought there would be a
22 need for notice. It is the Staff's position that there is
23 not need for notice of this particular case. There would be
24 a question of what notice should be given when the
25 Commission is actually looking into the status of

1 competition in CenturyTel's exchanges, which would either be
2 in a case filed by CenturyTel, which they've said they're
3 going to do sometime this year, or at a later date when the
4 Staff files a motion, if needed, to look into the status of
5 competition in CenturyTel's exchanges.

6 JUDGE THOMPSON: Okay. So under the terms of
7 the Stipulation & Agreement where CenturyTel's essentially
8 agreeing to take a conservative view of when the five-year
9 clock starts running, is it your view that that's something
10 that really only impacts CenturyTel?

11 MR. FISCHER: That's my view, your Honor. I
12 think whenever we do have -- open a docket to look at the
13 company's application that there be an investigation into
14 the state of competition in some of the exchanges, that I
15 think it would be appropriate for the world to have notice
16 or whatever is appropriate from the Commission's
17 perspective. But for this particular proceeding, I think
18 this just affects the three parties that are in front of
19 you.

20 JUDGE THOMPSON: Very well. Does Staff concur
21 in that view?

22 MR. HAAS: Yes, your Honor.

23 JUDGE THOMPSON: Well, thank you very much.
24 That was the primary thing that I set this prehearing
25 conference to address simply because it's a somewhat unusual

1 case, and I was hoping Mr. Dandino would favor us with his
2 presence.

3 Do the parties have anything further at this
4 time?

5 MR. HAAS: No, your Honor.

6 MR. FISCHER: I don't, your Honor.

7 JUDGE THOMPSON: Very well. In that case, the
8 prehearing conference will be concluded. Thank you very
9 much.

10 WHEREUPON, the recorded portion of the
11 prehearing conference was concluded.

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