

1987. Amended: Filed Jan. 5, 1990, effective April 13, 1990.
Amended: Filed March 23, 1993, effective Oct. 10, 1993.
Amended: Filed Aug. 27, 1999.

PUBLIC ENTITY COST: This proposed amendment will not cost state agencies or political subdivisions more than \$500 in the aggregate.

PRIVATE ENTITY COST: This proposed amendment will not cost private entities more than \$500 in the aggregate.

NOTICE TO SUBMIT COMMENTS AND NOTICE OF PUBLIC HEARING: Anyone may file a statement in support of or in opposition to this proposed amendment with the Missouri Public Service Commission, Dale Hardy Roberts, Secretary, P.O. Box 360, Jefferson City, MO 65102, (573) 751-3234. To be considered, comments shall be filed on or before November 1, 1999. Comments should refer to Case No. OX-2000-175, and be filed with an original and fourteen copies. A public hearing is scheduled for November 3, 1999, at 9:00 a.m. in room 530 of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri, for interested persons to appear and respond to commission questions. Any persons with special needs as addressed by the Americans with Disabilities Act should contact the Missouri Public Service Commission at least ten days prior to the hearing at one of the following numbers: Consumer Services Hotline 1-800-392-4211 or TDD Hotline 1-800-829-7541.

TX-2000-158

Title 4—DEPARTMENT OF ECONOMIC
DEVELOPMENT
Division 240—Public Service Commission
Chapter 32—Telecommunications Service

PROPOSED RULE

4 CSR 240-32.110 Surety Bonding Requirements for Basic Local Telecommunications Companies

PURPOSE: This rule establishes surety bonding requirements to be observed by basic local telecommunications service providers to ensure financial obligations to end-users and other telecommunications service providers.

(1) To ensure the protection of the basic local telecommunication service company end-users and other telecommunications service providers, any basic local telecommunications service company with less than a two hundred fifty thousand dollar (\$250,000) net book value in telephone plant and/or telephone facilities located in Missouri shall maintain a third-party surety bond (bond) or other mechanism as may be approved by the commission, as set forth in this subsection.

(A) The bond shall be one hundred thousand dollars (\$100,000). The company shall submit proof of bond or proof of being exempt from a bonding requirement. Such proof shall be contained in an application to provide basic local telecommunications services and in each annual report or in some other manner as agreed upon by the commission.

(B) The bond shall be maintained as long as the telecommunications service provider is furnishing basic local telecommunications service in the state of Missouri pursuant to this chapter unless modified or released pursuant to commission order.

(C) The company shall ensure that the issuer of the bond notifies the commission when the bond is canceled or otherwise terminates prematurely.

(D) The company shall maintain records that identify by customer name, address and telephone number the dollar amount of a customer's prepaid basic local telecommunications services and

any held deposits. Records should also be maintained regarding any amounts owed to other telecommunications providers. Such records shall be available to the commission, upon request.

(E) The bond should be structured so that if a bond is levied it shall reimburse parties in the following priority: prepaid basic local telecommunications services and deposits of end-users, costs associated with providing end-users with uninterrupted service from the carrier-of-last-resort should the company cease operations, and any debt obligations to other telecommunications service providers.

(2) Upon application to the commission, the bonding requirement mandated under section (1) shall be waived if the company successfully complies with the bonding requirement for a period of three (3) consecutive years.

AUTHORITY: sections 386.040 RSMo 1994 and 386.250 and 392.200, RSMo Supp. 1998. Original rule filed Aug. 24, 1999.

PUBLIC ENTITY COST: This proposed rule will not cost state agencies or political subdivisions more than \$500 in the aggregate.

PRIVATE ENTITY COST: This proposed rule is estimated to cost private entities \$150,500 in the aggregate.

NOTICE TO SUBMIT COMMENTS AND NOTICE OF PUBLIC HEARING: Anyone may file a statement in support of or in opposition to this proposed rule with the Missouri Public Service Commission, Dale Hardy Roberts, Secretary, P.O. Box 360, Jefferson City, MO 65102, (573) 751-3234. To be considered, comments shall be filed on or before November 1, 1999. Comments should refer to Case No. TX-2000-158, and be filed with an original and fourteen copies. A public hearing is scheduled for November 2, 1999, at 9:00 a.m. in room 530 of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri, for interested persons to appear and respond to commission questions. Any persons with special needs as addressed by the Americans with Disabilities Act should contact the Missouri Public Service Commission at least ten days prior to the hearing at one of the following numbers: Consumer Services Hotline 1-800-392-4211, or TDD Hotline 1-800-829-7541.

FILED

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Missouri Public
Service Commission

FISCAL NOTE PRIVATE ENTITY COST

I. RULE NUMBER

Title: Missouri Department of Economic Development
 Division: Missouri Public Service Commission
 Chapter: Telecommunications Companies
 Type of Rulemaking: New Rule (Surety Bonding Requirement)
 Rule Number and Name: 4 CSR 240-32.110

II. SUMMARY OF FISCAL IMPACT

Estimate of the number of entities by class which would likely be affected by the adoption of the proposed rule:	Classification* by types of the business entities which would likely be affected:	Estimate in the aggregate as to the cost of compliance with the rule by the affected entities:
	Class A Local Telephone Companies	
	Class B Local Telephone Companies	
28	Class C Local Telephone Companies	\$150,500
28	All entities	\$150,500

* Class A Telephone Companies are incumbent local telephone companies with more than \$100,000,000 annual revenues system wide; Class B Telephone Companies are incumbent local telephone companies with \$100,000,000 annual revenues or less system wide; Class C Local Telephone Companies are all other companies certificated to provide basic local exchange telecommunications services.

III. WORKSHEET

1. A draft of the proposed rule was distributed to Class A Telephone Companies, Class B Telephone Companies, Class C Local Telephone Companies, Class Interexchange Companies, and Class Payphone Providers certificated by the Missouri Public Service Commission as of June 1998. These companies were requested to review the rule and provide any projected fiscal impact projections, should the rule be approved as drafted. The above figures reflects information provided by responding companies.

IV. ASSUMPTIONS

1. The life of the rule is estimated at five years.
2. Fiscal year 1998 dollars are used to estimate costs. No adjustment for inflation is applied.
3. Estimates assume no sudden change in technology that would influence costs.
4. Affected entities are assumed to be in compliance with all other Missouri Public Service Commission and Federal Communication Commission rules and regulations.
5. The universe of entities is based on December 15, 1998 data and is assumed to remain constant. The universe of Class C Telephone Company entities is based on the number of companies with a certificate, approved interconnection agreement, and an approved tariff to provide basic local telecommunications services.
6. All Class A and Class B Telephone Companies are assumed to have a net book value of at least \$250,000 and therefore do not require a surety bond.
7. All Class C Telephone Companies are assumed to have a net book value of less than \$250,000 and therefore require a surety bond.
8. Class C Telephone Companies are assumed to require a \$100,000 surety bond.
9. A \$100,000 surety bond is assumed to have an annual cost of \$1,075. This cost is based on information supplied by Iowa Network Services, the only company responding with surety bond costing information. Assumed annual cost is based on a 1% fee plus \$75.
10. Annual fiscal cost is based on 28 Class C Telephone Companies * \$1,075 = \$30,100. Total fiscal impact is based on \$30,100 annual cost * 5 years = \$150,500.