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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 21st
day of April, 1995.

In the matter of Southwestern Bell Telephone Company)
tariffs to establish rate bands for services which have) Case No. TR-94-364
been found to be transitionally competitive.)
)

**ORDER CONCERNING APPLICATIONS FOR REHEARING
AND MOTION FOR CLARIFICATION**

On March 29, 1995, the Commission issued a Report And Order in this case in which it approved rate bands for the following Southwestern Bell Telephone Company (SWB) services: Message Toll Service, 800 Service, WATS, MegaLink Data, MegaLink II, MegaLink III and High Capacity Private Line. In the Report and Order the Commission rejected rate bands for Operator Services and MaxiMizer 800 (Common Line 800). On April 7, 1995, the Commission granted one part of a motion for clarification filed by Commission Staff. The Commission will address the remainder of Staff's request in this order. In addition to Staff's motion, SWB, AT&T Communications of the Southwest, Inc. (AT&T), Midwest Independent Coin Payphone Association (MICPA), and Office of Public Counsel (OPC) filed applications for rehearing.

As correctly pointed out by AT&T in its application for rehearing, the Commission in its Report And Order included dicta which addressed how competitive interexchange carriers (IXCs) should submit promotional practices to the Commission. The Commission expressed the opinion that IXC promotions should be submitted in the same manner as rate changes by competitive companies under the provisions of Section 392.500, R.S.Mo. 1994. AT&T objects to the Commission dicta, stating that the customer notice required by Section 392.500 would require

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expenditure of thousands of dollars and would discourage promotions by IXC's in Missouri.

The Commission finds that rehearing of the portion of the Report And Order regarding IXC promotions should be granted. The Commission finds that no further evidence need be adduced on the issue and since the language in the order is dicta, the Commission finds that that paragraph will be rescinded (the paragraph beginning on page 21 and continuing on page 22). The Commission finds further that a more expeditious treatment of IXC promotions would be beneficial to both IXC's, the Commission, and customers. This motion, though, should be addressed in detail in another forum.

OPC and MICPA make basically the same arguments concerning rehearing. They contend that there is not competent and substantial evidence to support the Commission decision. These arguments were raised in the briefs and do not provide sufficient justification for rehearing.

SWB requests rehearing of the Commission decision concerning the maximum rate for Operator Services. The Commission found that the maximum rate for Operator Services should be set at current rates because of the moratorium under which SWB is currently operating. SWB argues that the moratorium does not preclude SWB from raising rates for transitionally competitive services, only basic local services.

Staff supports SWB's view of the moratorium and seeks Commission clarification on this point. OPC does not agree with Staff's and SWB's interpretation of the moratorium agreement. OPC contends SWB is precluded by the settlement from increasing rates for Operator Services.

The Commission finds that no rehearing or clarification is needed on this finding in the Report And Order. There seems to be disagreement among the signatory parties as to what rates SWB can raise under the moratorium, but current rates have been found to be reasonable and were the basis of the

settlement. Even though the Commission approved rate increases when Touch-Tone charges were approved, those increases were made with the consent of OPC and were revenue-neutral. The request for a maximum rate band rate above current rates is not revenue-neutral.

Staff requests additional clarification on page fourteen of the Commission Report And Order. Staff points out that the terms "NC" and "C-TC" need to be reversed on lines nine and ten, and that "NC" should be replaced by "C-TC" on line nineteen. The Commission agrees and will make the corrections.

On April 17, 1995, SWB filed suggestions in response to the applications for rehearing of MICPA and OPC. On April 20, 1995, OPC and MICPA filed suggestions in response to SWB's suggestions. In its suggestions SWB proposes that the Commission reopen the record in this case to allow SWB to file its cost studies if the Commission believes such filings are necessary. The Commission in its Report And Order found the evidence, although limited, to be sufficient to support the rate bands for MTS, MegaLink Data, MegaLink II, MegaLink III and High Capacity Private Line, and finds that reopening of the record is not justified.

IT IS THEREFORE ORDERED:

1. That AT&T Communications of the Southwest, Inc.'s application for rehearing is hereby granted.
2. That the dicta on pages 21 and 22 of the Commission's Report And Order concerning promotions by interexchange carriers are hereby rescinded.
3. That the applications for rehearing of Southwestern Bell Telephone Company, Midwest Independent Coin Payphone Association and Office of Public Counsel are hereby denied.
4. That Staff's motion for clarification is granted in part and denied in part as described in this order.

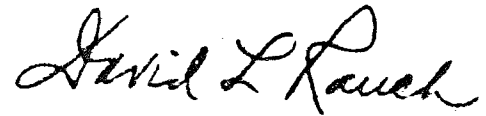
5. That the Report And Order, on page 14, is hereby corrected to read as follows:

Lines 9-10: "five percent. Contribution to shared costs is necessary to ensure NC services do not subsidize C-TC services, but this does not require contribution to a certain" ...

Line 19: "be set to ensure there is no subsidy to C-TC services while, on the other hand, it" ...

6. That this order shall become effective on the date hereof.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure and
Perkins, CC., concur.
Crumpton, C., dissents.
Kincheloe, C., absent.