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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 11th
day of June, 1998.

In the Matter of GTE Midwest Incorporated's)
Proposed Revision of Its PSC MO. NO. 1 to) Case No. TT-98-545
Introduce LATA-Wide GTE Extended Reach Plan.)
)

**ORDER GRANTING INTERVENTIONS, SUSPENDING TARIFF,
AND SETTING EARLY PREHEARING CONFERENCE**

GTE Midwest Incorporated (GTE) submitted a tariff filing (File No. 9800915) to the Commission for approval on May 22, 1998, with an effective date of June 22. GTE's filing is designed to introduce its Extended Reach Plan which includes one-way local calling to all exchanges within the customer's Local Access Transport Area (LATA) within the state of Missouri.

Motions to suspend the tariff and applications to intervene were filed by the Mid-Missouri Group¹ (MMG), AT&T Communications of the Southwest, Inc. (AT&T), MCI Telecommunications Corporation (MCI), COMTEL-Mo, and the Small Telephone Company Group² (STCG). MMG, AT&T, MCI,

¹ For purposes of this proceeding, the Mid-Missouri Group consists of Alma Telephone Company, Chariton Valley Telephone Company, Choctaw Telephone Company, Mid-Missouri Telephone Company, Modern Telecommunications Company, MoKan Dial Inc., Northeast Missouri Rural Telephone Company, and Peace Valley Telephone Company.

² For purposes of this proceeding, the Small Telephone Company Group consists of ALLTEL Missouri, Inc., BPS Telephone Company, Cass County Telephone Company, Citizens Telephone Company of Higginsville, Missouri, Inc., Craw-Kan Telephone Cooperative, Inc., Ellington Telephone Company, Farber Telephone Company, Goodman Telephone Company, Inc., Granby (continued...)

and COMPTel-MO each stated in their motions for intervention that their respective interests were different from that of the general public.

MMG stated that allowing it to intervene will assure that the rural public interest is served. AT&T and MCI each stated that they are in competition with GTE as providers of interexchange toll telecommunications services. MCI also indicated, as did COMPTel-MO, that it had an interest as a purchaser of GTE's access services. COMPTel-MO further stated in its motion that it had an interest in the proceeding because the Commission's decisions will affect its members as providers of intrastate long distance services. COMPTel-MO and STCG each stated that their participation was in the public interest because their expertise in the telecommunications industry will aid the Commission in resolving the issues related to this proceeding.

The companies raised numerous objections in their motions, including the following:

- a. the tariff has no provision for intercompany compensation for traffic from GTE exchanges to other companies' exchanges;
- b. the plan, if approved, would not be available to local exchange residents of non-GTE LECs;
- c. the increase in GTE's use of a secondary carrier's exchange facility to terminate calls would skew the terminating to originating

² (...continued)

Telephone Company, Grand River Mutual Telephone Corporation, Green Hills Telephone Corporation, Holway Telephone Company, Iamo Telephone Company, KLM Telephone Company, Kingdom Telephone Company, Lathrop Telephone Company, Le-Ru Telephone Company, Mark Twain Rural Telephone Company, McDonald County Telephone Company, Miller Telephone Company, New Florence Telephone Company, New London Telephone Company, Orchard Farm Telephone Company, Oregon Farmers Mutual Telephone Company, Ozark Telephone Company, Rock Port Telephone Company, Seneca Telephone Company, Steelville Telephone Exchange, Inc., and Stoutland Telephone Company.

(ratios on which compensation is currently based and no other basis of compensation for this terminating traffic has been approved or agreed to;

d. the plan, if approved, would violate the terms of the Primary Toll Carrier Plan;

e. the plan, if approved, would deprive residents of non-GTE local exchanges of the equal availability of GTE-provided toll calling plans and does not provide parity between the services in rural and urban exchanges;

f. the service as proposed will not recover its imputed costs;

g. the service as proposed is similar to Southwestern Bell Telephone Company's filing in TT-98-351 which is currently under suspension;

(h. GTE has classified the service as competitive, which may not be lawful and reasonable;

i. the proposal would create a new dialing disparity which would constitute a substantial barrier to full and fair intraLATA toll competition;

j. by characterizing the proposal as "local," rather than as a flat-rated toll service, GTE is making an effort to monopolize a piece of the intraLATA toll market, which is directly contrary to the nationwide trend toward opening monopoly markets to competition;

k. on its face it is unclear whether the rates proposed are set above cost and provide positive "contribution" as required in Section 392.400.5, RSMo;

(l. the proposed service will adversely affect competition because it allows a non-cost based service to be priced below the cost of access; and

m. the plan, if approved, would allow GTE to charge different rates for the same service provided over the same distance in violation of Section 392.200.5, RSMo Supp. 1997.

The Staff of the Commission (Staff) also filed a Motion to Suspend stating that there was insufficient information to provide a recommendation. Staff stated that GTE provided no cost studies that demonstrate that the proposed service covers its cost, including imputation of access charges. Staff also states that GTE's proposal introduces a non-standard dialing pattern for this toll service. Staff recommended that the tariff be suspended and the matter be set for hearing.

The Commission has reviewed GTE's tariff filing and the motions to suspend filed by MMG, AT&T, MCI, COMPTel-Mo, STCG, and Staff. The Commission finds that the intervention requests of MMG, AT&T, MCI, COMPTel-Mo, and STCG are in substantial compliance with the Commission's rules regarding interventions and that each has an interest which is different from that of the general public. The Commission finds that the interventions of MMG, AT&T, MCI, COMPTel-Mo, and STCG should be granted. The Commission also finds that there are questions of fact and of compliance with the applicable statutes that need to be resolved before the Commission can approve the proposed tariff sheets in this case, and a hearing may be necessary to resolve these issues. The proposed tariff sheets will be suspended for a period of one hundred twenty days beyond the effective date of June 22, 1998, to October 20, 1998, or until otherwise ordered by this Commission. The Commission finds that interested parties should be given notice and an opportunity to intervene. The Commission will schedule an early prehearing conference, and set a date for the parties to offer a procedural schedule.

IT IS THEREFORE ORDERED:

1. That the effective date of the tariff sheets, submitted on May 22, 1998, by GTE Midwest Incorporated is suspended to October 20, 1998, or until otherwise ordered by this Commission:

PSC MO. NO. 1

Section 1:

7th Revised Sheet 2, Cancels 6th Revised Sheet 2

Section 4:

TOC 2nd Revised Sheet 1, Cancels TOC 1st Revised Sheet 1

Original Sheet 32 through Original Sheet 35

2. That the Records Department of the Missouri Public Service Commission is directed to give notice to each certificated telecommunications carrier in the state of Missouri.

3. That any proper person wishing to intervene in this matter shall file an application to do so with the Secretary of the Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri 65102, and a copy served on GTE Midwest Incorporated and all intervenors. Applications to intervene shall be filed no later than June 30, 1998.

4. That the Commission will conduct an early prehearing conference on July 1, 1998, at 10:00 a.m. in the Commission's offices on the fifth floor of the Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri.

5. That anyone wishing to attend the prehearing conference who has special needs as addressed by the Americans With Disabilities Act should contact the Missouri Public Service Commission at least ten (10) days before the prehearing or hearing at one of the following numbers: Consumer Services Hotline - 1-800-392-4211 or TDD Hotline - 1-800-829-7541.

6. That the parties shall file a proposed procedural schedule no later than July 10, 1998.

7. That this order shall become effective on June 19, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Drainer,
Murray and Schemenauer, CC.,
concur.

Dippell, Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION