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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 23rd  
day of December, 1997.

In the Matter of the Application of QCC, Inc. for )  
a Certificate of Authority to Provide Basic ) **Case No. TA-97-380**  
Exchange and Local Exchange Intrastate Telecom- )  
munications Services Within the State of Missouri. )

**ORDER GRANTING CERTIFICATE TO PROVIDE  
BASIC LOCAL TELECOMMUNICATIONS SERVICES**

**Procedural History**

QCC, Inc. ("QCC" or "Applicant") applied to the Commission on March 13, 1997, for a certificate of service authority to provide basic local telecommunications service and local exchange telecommunications services in Missouri under Sections 392.420 - .440, RSMo 1994<sup>1</sup>, and Sections 392.410 and .450, RSMo Supp. 1996. QCC asked the Commission to classify it as a competitive company and waive certain statutes and rules as authorized by Sections 392.361 and 392.420. QCC is a Nevada corporation with its principal offices at 8829 Bond Street, Overland Park, Kansas 66214.

The Commission issued an Order and Notice on March 21, directing parties wishing to intervene in the case to do so by April 21. The Commission granted permission to intervene to Southwestern Bell Telephone Company (SWBT) on May 2 and directed the parties to file a procedural schedule.

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<sup>1</sup> All statutory references are to Revised Statutes of Missouri 1994 unless otherwise indicated.

On May 16, QCC filed a proposed procedural schedule which indicated a Stipulation and Agreement would be filed by July 11 or the case would proceed to hearing. On July 11, QCC filed a Motion to Extend Time Within Which to File Stipulation and Agreement requesting the stipulation filing deadline be extended to July 18.

The parties filed a Stipulation and Agreement (Attachment 1 to this Order) on July 16. The Commission Staff (Staff) filed Suggestions in Support of the Stipulation and Agreement on September 4.

On October 29, the Commission issued an order requiring further financial information from QCC be filed no later than November 10. The Company filed the requested information on November 13 and simultaneously filed a Motion to File Accountants' Report and Financial Statements Out of Time.

## **Background**

QCC, which is certificated to provide intrastate interexchange services in Missouri<sup>2</sup>, wishes certification to resell basic local telecommunications service and local exchange telecommunications services as well. Local exchange services are considered competitive services and are subject to different rules and statutory requirements than are basic local services. Therefore, they will be considered separately in the discussion below.

QCC wants to provide basic local services in portions of Missouri that are currently served by SWBT. QCC is not asking for certification in

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<sup>2</sup> The Commission granted a certificate of service authority to provide intrastate interexchange services to Quest Communications Corporation (Quest) in Case No. TA-92-31. The Commission subsequently issued an order in Case No. TA-95-365 recognizing Quest's change of corporate name to QCC, Inc.

any area that is served by a small incumbent local exchange provider (ILEC). The specific exchanges in which QCC proposes to operate are described in Exhibit C to the application (Attachment 2 to this order). QCC is requesting that its basic local exchange services be classified as competitive and that the application of certain statutes and regulatory rules be waived.

## **Discussion**

### **A. Requirements of 4 CSR 240-2.060(4)**

Commission rule 4 CSR 240-2.060(4) requires a foreign corporation applying for certification to provide telecommunications services to include in its application a certificate from the Secretary of State showing it is authorized to do business in Missouri, a description of the types of service it intends to provide, a description of the exchanges where it will offer service, and a proposed tariff with a 45-day effective date. QCC has provided all the required documentation except for the proposed tariff. In its Application, QCC requested a temporary waiver of 4 CSR 240-2.060(4)(H) stating it was impractical for QCC to submit a tariff until it had executed an interconnection agreement with the ILEC involved. The company agreed that, once it was possible to do so, it would submit to the Commission for approval a proposed tariff with a minimum 30-day effective date. On September 3, the Commission approved a resale agreement between SWBT and QCC in Case No. TO-97-539. As no obstacle now exists to the company's filing a tariff, QCC will be ordered to file with the Commission a proposed tariff with a minimum 30-day effective date no later than 30 days after the effective date of this order. QCC will file the tariff in Case No. TA-97-380 and give notice of the tariff filing to all

parties and participants. Along with that filing QCC has agreed to provide a written disclosure of all interconnection agreements it has entered into which affect its Missouri service areas.

## **B. Local Exchange Certification**

The Commission finds that QCC's entry into competition in the local exchange telecommunications market is in the public interest and the company should be granted a certificate of service authority. The Commission finds that the local exchange services QCC proposes to offer are competitive and the company should be classified as a competitive company. The Commission finds that waiving the statutes and Commission rules set out in Ordered Paragraph 7 is reasonable and not detrimental to the public interest.

The Commission determines, by authority of Section 392.470, that Applicant should comply with the following regulatory requirements as reasonable and necessary conditions of certification:

- (1) Applicant must comply with reasonable requests by Staff for financial and operating data to allow Staff to monitor the intraLATA toll market. § 386.320.3, RSMo Supp. 1996.
- (2) Applicant must file tariffs containing rules and regulations applicable to customers, a description of the services provided, and a list of rates associated with those services in accordance with 4 CSR 240-30.010 and Section 392.220, RSMo Supp. 1996.
- (3) Applicant may not unjustly discriminate between its customers. §§ 392.200, RSMo Supp. 1996, and 392.400.
- (4) Applicant must comply with all applicable rules of the Commission except those specifically waived by this order. §§ 386.570, 392.360.
- (5) Applicant must file a Missouri-specific annual report. §§ 392.210, 392.390.1.
- (6) Applicant must comply with jurisdictional reporting requirements as set out in each local exchange company's access services tariffs. § 392.390.3.

- (7) Applicant must submit to the staff, on a confidential basis, a copy of the jurisdictional report it submits to local exchange companies. The report must be submitted within ten days of the date on which it is submitted to the local exchange company.

### **C. Basic Local Service Certification**

Section 392.455, RSMo Supp. 1996, sets out the requirements for granting certificates to provide basic local telecommunications service to new entrants. A new entrant must: (1) possess sufficient technical, financial and managerial resources and abilities to provide basic local telecommunications service; (2) demonstrate that the services it proposes to offer satisfy the minimum standards established by the Commission; (3) set forth the geographic area in which it proposes to offer service and demonstrate that such area follows exchange boundaries of the incumbent local exchange telecommunications company and is no smaller than an exchange; and (4) offer basic local telecommunications service as a separate and distinct service. In addition, the Commission must give due consideration to equitable access for all Missourians to affordable telecommunications services, regardless of where they live or their income.

#### **1. Technical, financial and managerial resources and abilities.**

QCC submitted Exhibit D with its application that lists the names and qualifications of its management team. In addition to academic credentials, the team members have experience in various areas of the telecommunications industry including technical and engineering, management, customer services, law and finance. QCC also submitted as Exhibit E its 1994 and 1995 balance sheets and income statements. The company later supplemented its financial data with an independent accounting report and financial statements for 1995 and 1996. The parties agree that QCC

possesses sufficient technical, financial and managerial resources and abilities to provide basic local telecommunications service.

**2. The entrant's proposed services satisfy the minimum standards established by the Commission.** As QCC proposes to operate as a reseller of services, QCC's local traffic will be routed entirely over the networks of its underlying local carriers. The result, according to QCC, is that the quality of service that QCC's customers in Missouri will receive will be equivalent to that provided by SWBT. QCC has agreed to meet the Commission's minimum basic local service standards, including quality of service and billing standards. The parties agree that QCC proposes to offer basic local services that satisfy the minimum standards established by the Commission.

**3. The geographic area in which the company proposes to offer service.** QCC set out in Exhibit C all the exchanges in which it proposes to offer services. Exhibit C consists of a list of 161 SWBT local exchanges. The company has agreed that its service area must follow ILEC exchange boundaries and be no smaller than an exchange. The parties agree that QCC has sufficiently identified the geographic area in which it proposes to offer basic local service and that the area follows ILEC exchange boundaries and is no smaller than an exchange.

**4. The offering of basic local telecommunications service as a separate and distinct service.** QCC has agreed to offer basic local telecommunications service as a separate and distinct service.

**5. Equitable access for all Missourians to affordable telecommunications services.** QCC has agreed to provide equitable access, as determined by the Commission, for all Missourians within the geographic

area in which it will offer basic local services in compliance with Section 392.455(5), RSMo Supp. 1996.

#### **D. Competitive Classification**

The Commission may classify a telecommunications provider as a competitive company if the Commission determines it is subject to sufficient competition to justify a lesser degree of regulation. § 392.361.2. In making that determination the Commission may consider such factors as market share, financial resources and name recognition, among others. In the matter of the investigation for the purpose of determining the classification of the services provided by interexchange telecommunications companies within the State of Missouri, 30 Mo. P.S.C. (N.S.) 16 (1989); In the matter of Southwestern Bell Telephone Company's application for classification of certain services as transitionally competitive, 1 Mo. P.S.C. 3d 479, 484 (1992). In addition, all the services a competitive company provides must be classified as competitive. § 392.361.3. The Commission has found that whether a service is competitive is a subject for case-by-case examination and that different criteria may be given greater weight depending upon the service being considered. *Id.* at 487.

The parties have agreed that QCC should be classified as a competitive telecommunications company. The parties have also agreed that QCC's switched exchange access services may be classified as a competitive service, conditioned upon certain limitations on QCC's ability to charge for its access services. QCC has agreed that, unless otherwise ordered by the Commission, its originating and terminating access rates will be no greater than the lowest Commission approved corresponding access rates in effect at the date of certification for the large incumbent LECs within those service areas in which QCC seeks to operate. The parties have agreed

that the grant of service authority and competitive classification to QCC should be expressly conditioned on the continued applicability of Section 392.200, RSMo Supp. 1996, and on the requirement that any increases in switched access services rates above the maximum switched access service rates set forth in the agreement must be cost-justified pursuant to Sections 392.220, RSMo Supp. 1996, and 392.230, rather than Sections 392.500 and 392.510.

The parties agreed that waiver of the following statutes is appropriate: Sections 392.210.2, 392.270, 392.280, 392.290.1, 392.300.2, 392.310, 392.320, 392.330, RSMo Supp. 1996, and 392.340. The parties also agreed that application of these Commission rules could be waived: 4 CSR 240-10.020, 4 CSR 240-30.040, and 4 CSR 240-35.

#### **E. Procedural Schedule and Motion to Extend Time**

The proposed procedural schedule filed by QCC on July 11 was never adopted by the Commission. Hence, the filing of the Stipulation and Agreement on July 16 made QCC's proposed procedural schedule moot. Further, as no deadline was ever established for the filing of a Stipulation and Agreement, QCC's Motion to Extend Time was premature and is now moot.

#### **F. Motion to File Accountants' Report and Financial Statements Out-of-Time**

QCC stated in its motion to file out-of-time that preparation and review of the supplemental financial information required by the Commission took QCC longer than the 12 days allotted in the Commission's Order Directing Supplementation of Financial Data. The company indicated its inability to meet the Commission's filing deadline was not for purposes of delay and requested the Commission permit QCC to file its supplemental



financial data out-of-time. The Commission concludes QCC's request is reasonable and will grant its motion to file out-of-time.

### **Findings of Fact**

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact:

- A. The Commission finds that competition in the local exchange and basic local exchange telecommunications markets is in the public interest.
- B. The Commission finds that QCC has met the requirements of 4 CSR 240-2.060(4) for applicants for certificates of service authority to provide telecommunications services with the exception of the filing of a tariff with a 45-day effective date.
- C. The Commission finds that QCC has demonstrated good cause to support a temporary waiver of the tariff filing requirement and the waiver shall be granted. However, as QCC has already entered into an approved resale agreement with SWBT, the Commission will order QCC to file a tariff with a minimum 30-day effective date no later than February 2, 1998.
- D. The Commission finds that the local exchange services market is competitive and that granting QCC a certificate of service authority to provide local exchange telecommunications services is in the public interest. QCC's certificate should become effective when its tariff becomes effective.
- E. The Commission finds that QCC meets the statutory requirements for provision of basic local telecommunications services and

has agreed to abide by those requirements in the future. The Commission determines that granting QCC a certificate of service authority to provide basic local exchange telecommunications services is in the public interest. QCC's certificate should become effective when its tariff becomes effective.

- F. The Commission finds that QCC is a competitive company and should be granted waiver of the statutes and rules set out in Ordered Paragraph 7.
- G. The Commission finds that QCC's certification and competitive status are expressly conditioned upon the continued applicability of Section 392.200, RSMo Supp. 1996, and on the requirement that any increases in switched access services rates above the maximum switched access service rates set forth in the agreement must be cost-justified pursuant to Sections 392.220, RSMo Supp. 1996, and 392.230, rather than Sections 392.500 and 392.510.
- H. The Commission finds QCC's request for adoption of its proposed procedural schedule is moot and will be denied.
- I. The Commission finds QCC's Motion to Extend Time Within Which to File Stipulation and Agreement is moot and will be denied.
- J. The Commission finds QCC's Motion to File Accountants' Report and Financial Statements Out-of-Time is reasonable and should be granted.

## **Conclusions of Law**

The Missouri Public Service Commission has reached the following conclusions of law:

The Commission has the authority to grant certificates of service authority to provide telecommunications service within the state of Missouri. QCC has requested certification under Sections 392.420 - .440, and Sections 392.410 and .450, RSMo Supp. 1996. Those statutes permit the Commission to grant a certificate of service authority where the grant of authority is in the public interest. Sections 392.361 and .420 authorize the Commission to modify or suspend the application of its rules and certain statutory provisions for companies classified as competitive or transitionally competitive.

The Federal Telecommunications Act of 1996 and Section 392.455, RSMo Supp. 1996, were designed to institute competition in the basic local exchange telecommunications market in order to benefit all telecommunications consumers. Section 392.185, RSMo Supp. 1996, states that "the provisions of this chapter shall be construed to: (1) Promote universally available and widely affordable telecommunications services; . . . (3) Promote diversity in the supply of telecommunications services and products throughout the state of Missouri; . . . (6) Allow full and fair competition to function as a substitute for regulation when consistent with the protection of ratepayers and otherwise consistent with the public interest . . ."

The Commission has the legal authority to accept a Stipulation and Agreement as offered by the parties as a resolution of the issues raised in this case, pursuant to Section 536.060, RSMo Supp. 1996. Based upon the information contained within the Stipulation and Agreement of the parties,

the supporting information filed in Staff's Suggestions in Support of the Stipulation and Agreement, and on its findings of fact, the Commission concludes that the Stipulation and Agreement should be approved.

**IT IS THEREFORE ORDERED:**

1. That the request of QCC, Inc., to adopt its proposed procedural schedule is denied as moot.

2. That the Motion to Extend Time Within Which to File Stipulation and Agreement filed by QCC, Inc., is denied as moot.

3. That the Motion to File Accountants' Report and Financial Statements Out-of-Time filed by QCC, Inc., is granted.

4. That the stipulation of the parties, filed on July 16, 1997, is approved.

5. That QCC, Inc., is granted a certificate of service authority to provide local exchange telecommunications services in the state of Missouri, subject to the conditions of certification set out above, to become effective when the company's tariff becomes effective.

6. That QCC, Inc., is granted a certificate of service authority to provide basic local telecommunications services in the state of Missouri, subject to the conditions of certification set out above, to become effective when the company's tariff becomes effective.

7. That QCC, Inc., is classified as a competitive telecommunications company. The following statutes and regulatory rules shall be waived:

**Statutes**

- 392.210.2 - uniform system of accounts
- 392.270 - valuation of property (ratemaking)
- 392.280 - depreciation accounts
- 392.290.1 - issuance of securities
- 392.300.2 - acquisition of stock

- 392.310 - stock and debt issuance
- 392.320 - stock dividend payment
- 392.340 - reorganization(s)
- 392.330, RSMo Supp. 1996 - issuance of securities,  
debts and notes

#### Commission Rules

- 4 CSR 240-10.020 - depreciation fund income
- 4 CSR 240-30.040 - uniform system of accounts
- 4 CSR 240-35 - reporting of bypass and  
customer-specific arrangements

8. That the request for waiver of the filing of a 45-day tariff as required by 4 CSR 240-2.060(4)(H) is granted.

9. That QCC, Inc., shall file for approval by the Commission tariff sheets with a minimum 30-day effective date reflecting the rates, rules, regulations and the services it will offer no later than February 2, 1997. The tariff shall be filed in Case No. TA-97-380 and shall include a listing of the statutes and Commission rules waived under Ordered Paragraph 7.

10. That QCC, Inc., shall give notice of the filing of the tariffs described in Ordered Paragraph 9 to all parties or participants. In addition, QCC, Inc., shall file a written disclosure of all interconnection agreements which affect its Missouri service areas, all portions of Missouri service areas for which it does not have an interconnection agreement, and an explanation of why no interconnection agreement is necessary for those areas.

11. That QCC, Inc.'s certification and competitive status are expressly conditioned upon the continued applicability of Section 392.200, RSMo Supp. 1996, and on the requirement that any increases in switched access service rates above the maximum switched access service rates set

forth in the agreement must be cost-justified pursuant to Sections 392.220, RSMo Supp. 1996, and 392.230, rather than Sections 392.500 and 392.510.

12. That this order shall become effective on January 2, 1998.

**BY THE COMMISSION**

A handwritten signature in cursive script that reads "Dale Hardy Roberts".

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

( S E A L )

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

Hennessey, Regulatory Law Judge

FILED

JUL 16 1997

BEFORE THE PUBLIC SERVICE COMMISSION  
STATE OF MISSOURI

MISSOURI  
PUBLIC SERVICE COMMISSION

In the Matter of the Application of QCC, Inc. )  
Inc. for a Certificate of Authority to Provide )  
Basic Exchange and Local Exchange )  
Intrastate Telecommunications Services within )  
the State of Missouri. )

Case No. TA-97-380

STIPULATION AND AGREEMENT

QCC, Inc. (hereinafter "QCC") initiated this proceeding on March 13, 1997 by filing an Application requesting certificate of service authority to provide local exchange and basic local exchange services in exchanges currently served by Southwestern Bell Telephone Company.

The Commission has granted the timely applications to intervene of Southwestern Bell Telephone Company (SWB).

A. STANDARDS AND CRITERIA

The parties employed the following standards and criteria, which are intended to meet the requirements of existing law and Sections 392.450 and 392.455 of SB 507, (which became effective on August 28, 1996 and is now existing law), regarding applications for certificates of local exchange service authority to provide or resell basic local telecommunications service, in negotiating the provisions of this Stipulation and Agreement.

1. For purposes of this Stipulation and Agreement, the parties agree that applications for local exchange and basic local exchange service authority in exchanges served by "large" local exchange companies (LECs)<sup>1</sup> should be processed in a manner similar to that in which applications for interexchange authority are currently handled.

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<sup>1</sup>Large LECs are defined as LECs who serve 100,000 or more access lines. Section 386.020 RSMo. Supp. 1996. In Missouri, the current large LECs are SWBT, GTE and United.

2. In determining whether QCC's application for certificate of service authority should be granted, the Commission should consider QCC's technical, financial and managerial resources and abilities to provide basic local telecommunications service. QCC must demonstrate that the basic local services it proposes to offer satisfy the minimum standards established by the Commission, including but not limited to the applicant agreeing to file and maintain basic local service tariff(s) with the Commission in the same manner and form as the Commission requires of incumbent local exchange telecommunications companies with which applicant seeks to compete. Further, QCC must agree to meet the minimum basic local service standards, including quality of service and billing standards, as the Commission requires of the incumbent local exchange telecommunications companies with which the applicant seeks to compete. Notwithstanding the provisions of Section 392.500 RSMo (1994), as a condition of certification and competitive classification, QCC must agree that, unless otherwise ordered by the Commission, its originating and terminating access rates will be no greater than the lowest Commission approved corresponding access rates in effect at the date of certification for the large incumbent LEC(s) within those service area(s) applicant seeks authority to provide service. Further, QCC must agree to offer basic local telecommunications service as a separate and distinct service and must sufficiently identify the geographic service area in which it proposes to offer basic local service. Such area must follow exchange boundaries of the incumbent local exchange telecommunications companies in the same area and must be no smaller than an exchange. Finally, QCC must agree to provide equitable access as determined by the Commission for all Missourians within the geographic area in which it proposes to offer basic local service, regardless of where they live or their income, to affordable telecommunications



services. See Section 392.455 RSMo (1996 Supp.).

3. QCC submitted its application without tariffs and seeks a temporary waiver of 4 CSR 240-2.060(4)(H).<sup>2</sup> QCC has agreed to file its initial tariff(s) in the certification docket and serve all parties thereto with written notice at the time the initial tariff(s) are submitted to afford them an opportunity to participate in the tariff approval process. Copies of the tariff(s) will be provided by QCC to such parties immediately upon request. Any service authority shall be regarded as conditional and shall not be exercised until such time as tariff(s) for services have become effective. When filing its initial basic local tariff, QCC shall also file and serve a written disclosure of all interconnection agreements which affect its Missouri service areas, all portions of its Missouri service areas for which it does not have an interconnection agreement with the incumbent local exchange carrier; and its explanation of why such an interconnection agreement is unnecessary for such areas.

4. QCC has, pursuant to §392.420 RSMo. requested that the Commission waive the application of any or all of the following statutory provisions and rules to basic local telecommunications services, and the parties agree that the Commission should grant such request provided that Section 392.200 RSMo should continue to apply to all of QCC's services:

STATUTORY PROVISIONS

§392.210.2  
§392.270  
§392.280  
§392.290.1  
§392.300.2  
§392.310

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<sup>2</sup>Good cause for failure to file proposed tariffs with the Application must be shown. The lack of an approved interconnection agreement (47 USC §252) constitutes good cause.

§392.320  
§392.330  
§392.340

COMMISSION RULES

4 CSR 240-10.020  
4 CSR 240-30.040  
4 CSR 240-35

B. QCC CERTIFICATION

5. QCC hereby agrees that its application should be deemed amended to include by reference the terms and provisions described in paragraphs 2-4 hereinabove.

6. Based upon its verified application, as amended, QCC asserts, and no party makes a contrary assertion, that there is sufficient evidence from which the Commission can find and conclude that QCC:

- A. possesses sufficient technical, financial and managerial resources and abilities to provide basic local telecommunications service and local exchange telecommunications service, including exchange access service;
- B. proposes and agrees to offer basic local services that satisfy the minimum standards established by the Commission;
- C. has sufficiently identified the geographic area in which it proposes to offer basic local service and such area follows exchange boundaries of the incumbent local exchange telecommunications companies in the same areas, and such area is no smaller than an exchange;<sup>3</sup>
- D. will offer basic local telecommunications service as a separate and distinct service;
- E. has agreed to provide equitable access for all Missourians as determined by the Commission for all Missourians within the geographic area in

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<sup>3</sup> The identification of specific geographic areas within which QCC proposes to offer service as referred to in this paragraph shall not be construed to foreclose QCC from petitioning the Commission pursuant to Section 392.200.4 and .8, RSMo.

which it proposes to offer basic local service, regardless of where they live or their income, to affordable telecommunications services;<sup>4</sup>

F. has sought authority which will serve the public interest.

7. QCC asserts, and no party opposes, that QCC's application and request for authority to provide basic local telecommunications services and local exchange telecommunications services (including exchange access service) should be granted. All services authorized herein should be classified as competitive telecommunications services provided that the requirements of Section 392.200 continue to apply, and QCC shall remain classified as a competitive telecommunications company. QCC asserts, and no party opposes, such services will be subject to sufficient competition by the services of the incumbent LECs to justify a lesser degree of regulation of QCC's services consistent with the protection of ratepayers and the promotion of the public interest. Such classification should become effective upon the tariffs for the services becoming effective. Such authority should be conditional, not to be exercised until such time as tariffs for those services have been filed (together with the written disclosure as stipulated above) and have become effective. The Commission's Order should state the foregoing conditions substantially as follows:

"The service authority and service classification herein granted are subject to the requirements of Section 392.200 and are conditional and shall not be exercised until such time as tariffs for services have become effective."

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<sup>4</sup>The agreement in Paragraph 6 E. of this Stipulation and Agreement is without prejudice to QCC's right to appear, after proper application and in accord with Commission rules and regulations, in any rulemaking proceeding or other proceeding regarding the Commission's considerations of equitable access under Section 392.455.(5), RSMo. Furthermore, such agreement should not be construed as an admission or conclusion by QCC that Section 392.455.(5), RSMo. creates new or specific duties or obligations on telecommunications companies to provide equitable access.

The parties agree that the applicant's switched exchange access services may be classified as competitive services. The parties further agree that the applicant's switched exchange access services are subject to Section 392.200. Any increases in switched access service rates above the maximum switched access service rates as set forth in paragraph 2 herein shall be cost-justified and be made pursuant to Sections 392.220 and 392.230 and not 392.500 and 392.510.

The Commission's order should state the foregoing conditions substantially as follows:

"The service authority and service classification for switched exchange access granted herein is expressly conditioned on the continued applicability of Section 392.200 and the requirement that any increases in switched access service rates above the maximum switched access service rates set forth herein shall be cost-justified and pursuant to Sections 392.220 and 392.230 and not Sections 392.500 and 392.510."

8. QCC's request for a waiver of 4 CSR 240-2.060(4)(H), which requires applications to include a proposed tariff with a 45-day effective date, is not opposed by the parties and should be granted because at the time of its application, it did not yet have approved interconnection agreements with the large incumbent LECs. Since the filing of QCC's application, it and SWB have filed with the Commission a Joint Petition for Approval of Resale Agreement (June 13, 1997; Case No. TO-97-539). QCC agrees that at such time as all facts necessary for the development of tariffs become known it will submit tariffs in this docket, with a minimum 30-day proposed effective date, to the Commission for its approval, together with the written disclosure as stipulated above. QCC shall serve notice to all parties and participants in this docket of the filing of its tariffs at the time they are filed with the Commission and serve them with the aforesaid written disclosure and shall upon request immediately provide any party with a copy of those tariffs. The Commission's order should state these obligations as conditions

to the waiver of 4 CSR 240-2.060(4)(H), substantially as follows:

"Applicant's request for temporary waiver of 4 CSR 240-2.060(4)(H) is hereby granted for good cause in that Applicant does not yet have an approved interconnection agreement with the incumbent local exchange carriers within whose service areas it seeks authority to provide service; provided when Applicant submits its tariffs in this docket to the Commission, such tariffs shall have a minimum of a 30-day effective date and the applicant shall serve written notice upon the parties hereto of such submittal, and shall provide copies of such tariffs to such parties immediately upon request. When filing its initial basic local tariff in this docket, the applicant shall also file and serve upon the parties hereto a written disclosure of: all interconnection agreements which affect its Missouri service areas; all portions of its Missouri service areas for which it does not have an interconnection agreement with the incumbent local exchange carrier; and its explanation of why such an interconnection agreement is unnecessary for any such areas."

9. QCC's request for waiver of the application of the following rules and statutory provisions as they relate to the regulation of QCC's services should be granted:

STATUTORY PROVISIONS

§392.210.2  
§392.270  
§392.280  
§392.290.1  
§392.300.2  
§392.310  
§392.320  
§392.330  
§392.340

COMMISSION RULES

4 CSR 240-10.020  
4 CSR 240-30.040  
4 CSR 240-35

10. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. In the event the Commission does not adopt this Stipulation in total, then this Stipulation and Agreement shall be void and no signatory

shall be bound by any of the agreements or provisions hereof. The Stipulations herein are specific to the resolution of this proceeding, and all stipulations are made without prejudice to the rights of the signatories to take other positions in other proceedings.

11. In the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties and participants waive, with respect to the issues resolved herein: their respective rights pursuant to §536.080.1, RSMo 1994, to present testimony, to cross examine witnesses, and to present oral argument or written briefs; their respective rights to the reading of the transcript by the Commission pursuant to §536.080.2, RSMo 1994; and their respective rights to seek rehearing pursuant to §386.500 RSMo 1994 and to seek judicial review pursuant to §386.510, RSMo 1994. The parties agree to cooperate with the Applicant and with each other in presenting this Stipulation and Agreement for approval to the Commission and shall take no action, direct or indirect, in opposition to the request for approval of the QCC application made herein.

12. The Staff may submit a Staff Recommendation concerning matters not addressed in this Stipulation. In addition, if requested by the Commission, the Staff shall have the right to submit to the Commission a memorandum explaining its rationale for entering into this Stipulation and Agreement. Each party of record and participant herein shall be served with a copy of any memorandum and shall be entitled to submit to the Commission, within five (5) days of receipt of Staff's memorandum, a responsive memorandum which shall also be served on all parties and participants. All memoranda submitted by the parties shall be considered privileged in the same manner as settlement discussions under the Commission's rules, shall be maintained on a confidential basis by all parties and participants, and shall not become a part

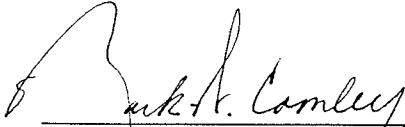
of the record of this proceeding or bind or prejudice the party submitting such memorandum in any future proceeding or in this proceeding whether or not the Commission approves this Stipulation and Agreement. The contents of any memorandum provided by any party are its own and are not acquiesced in or otherwise adopted by the other signatories to the Stipulation and Agreement, whether or not the Commission approves and adopts this Stipulation and Agreement.

The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties and participants with advance notice of when the Staff shall respond to the Commission's request for such explanation once such explanation is requested from Staff. Staff's oral explanation shall be subject to public disclosure.

13. Finally, QCC will comply with all applicable Commission rules and regulations except those which are specifically waived by the Commission.

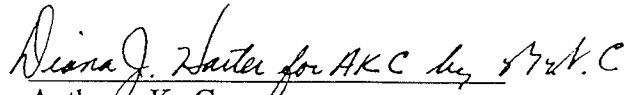
WHEREFORE, the signatories respectfully request the Commission to issue its Order approving the terms of this Stipulation and Agreement and issue its Order granting authority and classification as requested by QCC, subject to the conditions described above.

Respectfully submitted,



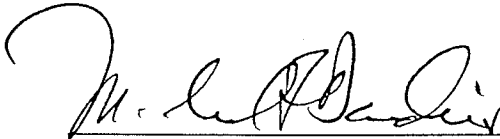
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FOR: Staff of the Missouri  
Public Service Commission



# EXHIBIT "C"

## SOUTHWESTERN BELL MISSOURI EXCHANGES

Adrian	Essex	Macks Creek	Senath
Advance	Eureka	Malden	Sikeston
Agency	Excelsior Springs	Manchester	Slater
Altenburg-Frohna	Farley	Marble Hill	Smithville
Antonia	Farmington	Marceline	Springfield
Archie	Fayette	Marionville	Stanberry
Argyle	Fenton	Marshall	Trenton
Armstrong	Festus-Crystal City	Marston	Tuscumbia
Ash Grove	Fisk	Maxville	Union
Beaufort	Flat River	Meta	Valley Park
Bell City	Frankford	Mexico	Versailles
Benton	Fredericktown	Moberly	Vienna
Billings	Freeburg	Monette	Walnut Grove
Bismarck	Fulton	Montgomery City	Wardell
Bloomfield	Gideon	Morehouse	Ware
Bloomsdale	Glasgow	Neosho	Washington
Bonne Terre	Grain Valley	Nevada	Webb City
Boonville	Gravois Mills	New Franklin	Wellsville
Bowling Green	Gray Summit	New Madrid	Westphalia
Brookfield	Greenwood	Oak Ridge	Wyatt
Camdenton	Hannibal	Old Appleton	
Campbell	Harvester	Oran	
Cape Girardeau	Hayti	Pacific	
Cardwell	Herculaneum-Pevely	Patton	
Carl Junction	Higbee	Paynesville	
Carrollton	High Ridge	Perryville	
Carthage	Hillsboro	Pierce City	
Caruthersville	Holcomb	Pocahontas-New Wells	
Cedar Hill	Hornersville	Pond	
Center	Imperial	Poplar Bluff	
Chaffee	Jackson	Portage Des Sioux	
Charleston	Jasper	Portageville	
Chesterfield	Joplin	Puxico	
Chillicothe	Kansas City Metro	Qulin	
Clarksville	Kennett	Richmond	
Clever	Kirksville	Richwoods	
Climax Springs	Knob Noster	Risco	
Deering	Lake Ozark-Osage	Rushville	
DeKalb	Beach	Ste. Genevieve	
Delta	Lamar	St. Charles	
DeSoto	LaMonte	St. Clair	
Dexter	Lancaster	St. Joseph	
Downing	Leadwood	St. Louis Metro	
East Prairie	Lilbourn	St. Marys	
Edina	Linn	San Antonio	
Eldon	Lockwood	Scott City	
Elsberry	Louisiana	Sedalia	