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February 29, 2000

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Director, Utility Services

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Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. TA-2000-408

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Julie A. Kardis
Julie A. Kardis
Assistant General Counsel
(573) 751-8706
(573) 751-9285 (Fax)

JAK:sw
Enclosure
cc: Counsel of Record

FILED²

FEB 29 2000

Missouri Public
Service Commission

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

FILED²
FEB 29 2000

Missouri Public
Service Commission

In the Matter of the Application of Vectris)
Telecom, Inc., for a Certificate of Service)
Authority to Provide Basic Local)
Telecommunications Services in the State)
of Missouri and for Competitive)
Classification.)

Case No. TA-2000-408

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its recommendation states:

1. In the attached Memorandum, which is labeled Appendix A, the Staff recommends that the Missouri Public Service Commission (Commission) grant Vectris Telecom, Inc. (Applicant) a certificate of authority to provide basic local exchange telecommunications services. The Commission shall grant an application for a certificate of telecommunications service authority upon a finding that the grant of authority is in the public interest. (See §§ 392.430 and 392.440 RSMo 1994.)

2. Staff also recommends that the Commission classify the Applicant and its services as competitive. The Commission may classify a telecommunications provider or its services as competitive if the Commission determines it is subject to sufficient competition to justify a lesser degree of regulation. (See §392.361.2 RSMo 1994.) All the services a competitive company provides must be classified as competitive. (See §392.361.3 RSMo 1994.)

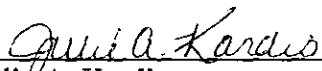
3. Staff further recommends that the Commission approve the waivers listed in the Notice of Application. The Commission may waive the application of its rules and certain

statutes if the Commission determines that waiver is consistent with the purposes of Chapter 392 RSMo. (See §§ 392.361.3 and 392.420 RSMo 1994, and § 392.185 RSMo Supp. 1999.)

WHEREFORE, Staff recommends that the Commission grant Vectris Telecom, Inc. a certificate of service authority to provide basic local exchange telecommunications, grant Applicant competitive classification, approve Applicant's proposed tariff, PSC MO No. 1 with a proposed effective date of February 12, 2000, and approve the waivers listed in the Notice of Applications.

Respectfully submitted,

DANA K. JOYCE
General Counsel



Julie A. Kardis
Assistant General Counsel
Missouri Bar No. 44450

Attorney for the Staff of the
Missouri Public Service Commission
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 29th day of February, 2000.

Julia A. Kardis

MEMORANDUM

RECEIVED
FEB 28 2000
JLR 2:17
COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION

To: Missouri Public Service Commission Official Case File
Case No. TA-2000-408
Vectris Telecom, Inc.

From: Amonia Moore *AM*
Telecommunications Department *BVS*

West Hendrickson 2-28-00 *Wm K Hass 2/29/00* *GHK - 2-29-00*
Utility Operations Division/Date General Counsel's Office/Date

Subject: Staff Recommendation to Approve Certificate of Service Authority to Provide
Basic Local Telecommunications Services

Date: February 22, 2000

On January 7, 2000, Vectris Telecom, Inc. (Vectris) submitted an Application for Certificate of Service Authority to Provide Basic Local Exchange Telecommunications Services. On January 11, 2000, the Missouri Public Service Commission (Commission) issued a Notice of Applications that established an intervention deadline of February 10, 2000. No parties filed for intervention in the case.

Vectris requests classification as a competitive telecommunications carrier and proposes to provide resold and facilities-based basic local telecommunications services in portions of Missouri that are currently served by three incumbent local exchange carriers (ILECs). The ILECs are Southwestern Bell Telephone Company (SWBT), GTE Midwest, Inc. (GTE), and United Telephone Company of Missouri d/b/a/ Sprint (Sprint). Vectris refers to the lists of exchanges appearing in the tariffs of SWBT, GTE, and Sprint as the specific exchanges in which it requests authority to serve.

Vectris requested a temporary waiver of 4 CSR 240-2.060(4)(H) which requires applicants to file a tariff. Vectris submitted copies of its Certificate of Service Authority from the Missouri Secretary of State, a brief description of the qualifications and experience of Vectris' key management employees, and a copy of Vectris' financial statements (under protective order). A copy of the Financial Analysis Department's Comments is attached.

Vectris' Application states that it will comply with all billing, quality of service, and tariff requirements of the Commission. It also states that Vectris will offer basic local telecommunications service as a separate and distinct service, and give consideration to equitable access for all Missourians within the geographic area in which it proposes to offer basic local service, regardless of where they live or their income.

Appendix A

Vectris requested waivers of the following Commission rules and statutes:

392.210.2	uniform system of accounts
392.270	valuation of property
392.280	depreciation of accounts
392.290.1	issuance of securities
392.300.2	acquisition of stock
392.310	stock and debt issuance
392.320	stock dividend payment
392.330	issuance of securities, debt and notes
392.340	reorganization
4 CSR 240-10.020	depreciation of fund income
4 CSR 240-30.040	uniform system of accounts
4 CSR 240-35	reporting of bypass and customer-specific arrangements

The aforementioned waivers are routinely granted to competitive local exchange carriers.

Vectris states that it "initially intends to provide data transmission services only, but requests authority to provide all forms of basic local exchange telecommunications service.... [Services will be provided] through its own electronic equipment collocated at ILEC central offices, through the use of unbundled network elements leased from other certificated carriers, and/or through the resale of the service of other carriers."

The Telecommunications Department Staff (Staff) has reviewed Vectris' Application and concludes that:

1. Vectris possesses sufficient technical, financial, and managerial resources to provide basic local exchange telecommunications service. In Exhibits 2 and 3 to its Application, Vectris demonstrates its technical, financial and managerial resources and abilities.
2. Vectris has sufficiently identified the geographic area in which it proposes to offer basic local service and the area follows exchange boundaries of the ILECs and is no smaller than an exchange.
3. Vectris will provide basic local exchange service as a separate and distinct service.
4. Vectris has demonstrated that the services it proposes to offer satisfy the minimum standards established by the Commission and that it will comply with those minimum standards.
5. Vectris will provide equitable access to affordable telecommunications services for all Missourians, regardless of where they live or their income.

Therefore, the Staff recommends the Commission grant Vectris a Certificate of Service Authority to Provide Basic Local Telecommunications with the following condition: If Vectris later provides access service, its originating and terminating access rates will be no greater than the lowest Commission approved corresponding access rates in effect for each ILEC within whose service area Vectris seeks authority to provide service, unless authorized by the Commission pursuant to Sections 392.220 and 392.230 RSMo. Staff also recommends that the Commission order Vectris to file a tariff within thirty (30) days following the Commission's approval of an interconnection agreement, and that the filed tariff have an effective date forty-five (45) days following the date the tariff is filed with the Commission. Additionally, Staff recommends that Vectris be classified as a competitive telecommunications carrier and that Vectris' certificate become effective when its tariff becomes effective. Lastly, Staff recommends the Commission grant Vectris waivers of the previously mentioned Commission rules and statutes.

The Staff is unaware of any other filing which affects, or which would be affected by, this filing. Vectris has not filed any proposed interconnection agreements with this Commission.

Attachment

MEMO

To: Amonia Moore
Telecommunications Department
From: John Kiebel *JK*
Financial Analysis Department
Subject: Vectris Telecom Inc.
Date: February 15, 2000

MO PSC Case No. **TA-2000-408**

Financial Analysis Department Comments

We have reviewed the financial information as submitted by Vectris Telecom Inc. (Company) in their Application **TA-2000-408**. This financial information is the responsibility of the Company's management and is provided by them. The responsibility of the Financial Analysis Department is to review the financial information as provided by the Company in the Application. We plan and perform the review to ascertain that the Company meets the minimum financial standard.

Our analysis indicates that Vectris does meet the minimum standard.

We believe that our review provides a reasonable basis for the opinion expressed above.

**Service List for
Case No. TA-2000-408
February 28, 2000**

**Office of the Public Counsel
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