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August 28, 2002

Mr. Dale Hardy Roberts  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

**FILED<sup>3</sup>**  
**AUG 28 2002**  
Missouri Public  
Service Commission

**Re: Case No. TT-2003-0043**

Dear Mr. Roberts:


Enclosed for filing on behalf of Spectra Communications Group, LLC d/b/a CenturyTel ("Spectra"), please find an original and eight (8) copies of a Response of Spectra Communication Group, LLC d/b/a CenturyTel to WorldCom's Motion to Suspend.

Would you please see that this filing is brought to the attention of the appropriate Commission personnel.

I thank you in advance for your cooperation in this matter.

Sincerely yours,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:   
Sondra B. Morgan

SBM/lar  
Enclosure

cc: General Counsel  
Michael F. Dandino  
Carl J. Lumley  
Stephen F. Morris

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

**FILED<sup>3</sup>**  
AUG 28 2002  
Missouri Public  
Service Commission

In the Matter of the Tariff of Spectra	)	
Communications Group, LLC, PSC Mo.	)	Case No. TT-2003-0043
No. 2, Facilities for Intrastate Access.	)	Tariff No. 200300034

**RESPONSE OF SPECTRA COMMUNICATION GROUP, LLC  
d/b/a CENTURYTEL TO WORLDCOM'S MOTION TO SUSPEND**

Comes now Spectra Communication Group, LLC d/b/a CenturyTel ("Spectra") and for its Response to MCI WorldCom Communications, Inc. ("WorldCom's") Motion to Suspend states to the Missouri Public Service Commission ("Commission") as follows:

1. On July 12, 2002, Spectra filed revised tariff sheets with the Commission for the purpose of changing deposit regulations related to the conditions under which the company could request security deposits from other carriers (not local exchange service subscribers). Spectra stated that this filing, giving it the option of requesting additional security, was necessary due to the current financial environment in the telecommunications industry.

2. On August 7, 2002, Spectra filed a substitute sheet for one of the sheets previously filed in which it addressed concerns expressed by the Staff regarding the vagueness of the provision and added language to clarify how "commercially acceptable level" would be defined, what specific bond rating would trigger the request for additional security and which ratings agencies would qualify to make that rating.

3. On August 7, 2002, WorldCom filed a Motion to Suspend in which it requested that the Commission reject, or alternatively suspend the tariff.

4. On August 8, 2002, the Commission considered Spectra's tariff filing at its Agenda

session, and issued an Order Suspending Tariff in which it suspended the tariff for thirty (30) days to September 10, 2002.

5. The Commission should deny WorldCom's Motion to Suspend and allow the tariff to become effective. Spectra finds it ironic that the only company to oppose the tariff is WorldCom, the company that is currently in bankruptcy, at least partly because of well-publicized "accounting irregularities" of more than seven (7) billion dollars.<sup>1</sup> WorldCom's bankruptcy, as well as that of other telecommunications companies, has caused companies such as Spectra to sustain significant losses which they have no means of collecting. These bankruptcies create a "domino" effect and spread the likelihood of financial difficulty to local exchange carriers such as Spectra. As an example, Spectra's pre-petition balance owed by WorldCom is \$2,419,294.68, and the pre-petition balance owed by Global Crossing is \$1,980,461.56. These losses amount to more than 18 percent of Spectra's 2002 capital budget. Additionally, WorldCom is now subject to the jurisdiction and protection of the bankruptcy court.<sup>2</sup> This particular proposed intrastate tariff will not affect WorldCom, since all of its dealings with other carriers are now subject to the control of the bankruptcy court. What the tariff will do is protect Spectra, or at least limit its exposure, from other substantial losses from other carriers, such as Quest, whose financial position is now or will become precarious. WorldCom states that "[t]he security deposit demand would permit Spectra to encumber

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<sup>1</sup>WorldCom's former chief financial officer and controller currently face criminal charges.

<sup>2</sup>*In re WorldCom, Inc. et al., Debtors*, United States Bankruptcy Court, Southern District of New York, Case No. 02-13533 (AJG).

financial resources that competitors would otherwise use to build out their networks or develop other competitive services." (Motion, ¶ 6.k) This is highly suspect given the rural nature of Spectra's properties. Why should Spectra stand back and allow companies such as WorldCom, whose management is under criminal indictment, to deplete its resources and jeopardize its ability to maintain adequate service at just and reasonable rates? Spectra believes it is much more important for the local exchange company to be able to protect itself from bad debts and continue to maintain a healthy system of basic local telecommunications service for its customers than it is for competitive companies to be allowed to build out their networks and develop competitive services at the expense of the local exchange companies.<sup>3</sup> WorldCom customers are now "at risk." Unless the Commission allows LECs to protect themselves through deposits, healthy and responsible companies will be exposed to serious financial risk through no fault of their own.

6. WorldCom complains that the tariff is not "clear and explicit" on its face and does not give fair notice to other carriers. However, Spectra filed a substitute tariff sheet on August 7, 2002, which addressed and resolved the matters raised by WorldCom. The substitute tariff sheet stated that Spectra would use Standard and Poor's, or another nationally recognized reporting service, to determine if the customer's credit worthiness has fallen below commercially acceptable levels, and that the company would be expected to maintain a rating of BBB or equivalent. Thus, the substitute sheet specifies the independent credit rating or reporting service and the commercially acceptable level of credit worthiness that will be used by Spectra to

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<sup>3</sup>And, to say that WorldCom will use the resources to build out their networks is really giving WorldCom the benefit of the doubt. At worst, these resources may be going into the pockets of a few executives to support their well-publicized and extravagant lifestyle. (Diane Staifford, *Pay for Performance?*, The Kansas City Star, August 26, 2002, at B6.)

determine whether to request a security deposit. Carriers will be able to ascertain exactly when an additional deposit may be requested. Spectra's current tariff only allows it to request a deposit from new customers without an established credit rating or existing customers with a history of late payments. This does not protect Spectra from situations where another carrier's financial condition becomes precarious and additional protection is needed in order to continue to provide service to intrastate access customers.

And, contrary to what WorldCom says, the tariff revisions do reasonably balance Spectra's interest in maintaining a consistent and affordable level of service for its local exchange customers against the interests of its access customers. WorldCom states that competitive carriers must balance the risk of nonpayment against the risk that an overly strict deposit policy will drive customers away. WorldCom states that only an incumbent carrier with "customers with nowhere to go" would propose a security deposit like the one Spectra is proposing. On the other hand, an incumbent like Spectra has a statutory obligation to serve all customers within its service area, and protecting against large defaults by interexchange or other carriers protects its ability to continue to serve those customers and maintain affordable local rates. Additionally, Spectra's customers do have other choices for basic local telecommunications service in some of the Spectra exchanges, so it is not totally immune from the effects of competition.

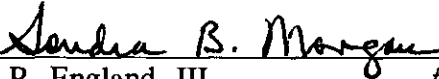
7. WorldCom references the National Exchange Carrier Association, Inc. ("NECA") deposit tariff which was filed with the Federal Communications Commission ("FCC") for purposes of interstate access rates, terms and conditions. This tariff would have allowed the NECA companies to request a security deposit if the customer's credit worthiness fell below

commercially acceptable levels as does the tariff filed in Missouri by Spectra for intrastate access rates. WorldCom states that it opposed the NECA tariff, and that it was deferred by NECA due to concerns with the language. However, on August 21, 2002, NECA re-filed this tariff with modifications which are similar to the modifications Spectra made to its Missouri filing. The new tariff language defines "commercially acceptable level of credit worthiness" as having a corporate debt securities rating of at least BBB according to Standard & Poor's or an equivalent rating agency. A copy of the transmittal letter and pertinent page of the tariff filing are marked Exhibit A and attached. Additionally, CenturyTel has filed similar tariffs in all of the states in which it does business, and the tariff has now been approved in Louisiana, Montana, Colorado, Minnesota, Wyoming and Wisconsin.

8. Spectra agrees with WorldCom that the Commission must balance the interests of interexchange and other carriers against the interests of the incumbent local exchange company and its customers. Spectra believes, however, that the balance must fall on the side of protecting the interests of the local exchange company that provides basic local telecommunications service to its customers. Approving the deposit tariff will ensure that Spectra and its customers do not continue to be adversely affected by the multi-million dollar defaults and bankruptcies such as that of Worldcom and Global Crossing and that Spectra will be able to continue its long-term service obligations to its Missouri customers.

Wherefore, Spectra respectfully requests that the Commission approve its tariff filing, as amended, and for any other relief appropriate in the circumstances.

Respectfully submitted,

  
W.R. England, III #23975  
Sondra B. Morgan #35482  
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Attorneys for Spectra Communications  
Group, LLC d/b/a CenturyTel

CERTIFICATE OF SERVICE

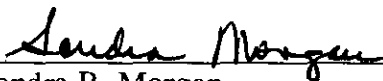
I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or hand-delivered on this 28<sup>th</sup> day of August, 2002, to the following parties:

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Sondra B. Morgan



80 South Jefferson Road  
Whippany, NJ 07981

**This material is being filed on 15 days'  
notice under Section 204(a)(3) of the  
Communications Act.**

**B. Cook**  
Director  
Access Tariffs & Planning

**Voice: 973-884-8077**  
**Fax: 973-884-8082**  
**E-mail: bcook@neca.org**

August 21, 2002

Transmittal No. 951

Secretary  
Federal Communications Commission  
Washington, D.C. 20554

Attention: Wireline Competition Bureau

The accompanying tariff material, issued on behalf of the National Exchange Carrier Association, Inc. (NECA) bearing Tariff F.C.C. No. 5, Access Service, is sent to you for filing, in compliance with the Communications Act of 1934, as amended.

The filing, to become effective September 5, 2002, consists of tariff pages as indicated on the following check sheet:

Tariff F.C.C. No. 5

478th Revised Page 1

This filing modifies regulations in Section 2.1.8 related to refusal and discontinuance of service and Section 2.4.1 related to customer deposits.

The original letter of transmittal, along with F.C.C. Form 159 and the required \$655.00 filing fee, are being delivered via overnight service to the Mellon Bank in Pittsburgh, Pennsylvania. Acknowledgment and date of receipt of this filing fee by Mellon Bank are requested. A duplicate letter is provided for this purpose.

All correspondence and inquiries concerning this filing should be directed to me at the above address or faxed to 973-884-8082.

A handwritten signature in cursive script that reads "Bill Cook".

**Attachments**

Tariff Pages (10)  
Supporting Documentation

## ACCESS SERVICE

2. General Regulations (Cont'd)2.4 Payment Arrangements and Credit Allowances2.4.1 Payment of Rates, Charges and Deposits(A) Deposits

In order to safeguard its interests, the Telephone Company reserves the right to require the customer to secure its account prior to the establishment of service and/or at any time after the provision of service in the form of a cash deposit, as described below. The fact that a deposit has been made in no way relieves the customer from complying with the Telephone Company's regulations as to the prompt payment of bills.

(C)

(C)

For purposes of this section, the following definitions apply. A "proven history of late payments to the Telephone Company" is defined as two or more occurrences in the preceding twelve (12) month period during which the Telephone Company received the customer's remittance after the payment date specified in (B)(1) or (C)(1), following. For a customer or its parent company that issues debt securities, a "commercially acceptable level of credit worthiness" is defined as having a corporate debt securities rating with respect to any outstanding general debt obligations of at least BBB according to Standard & Poor's or an equivalent rating from other debt rating agencies. For a customer that does not issue debt securities, a "commercially acceptable level of credit worthiness" is defined as the customer having a composite credit appraisal rating published by Dun & Bradstreet of at least "good" or a Paydex score as published by Dun & Bradstreet of at least "average".

(N)

(N)

Certain material formerly found on this page now appears on 2nd Revised Page 2-26.1, Original Page 2-26.3 and Original Page 2-26.4.

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Transmittal No. 951

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Issued: August 21, 2002

Effective: September 5, 2002

Director - Access Tariffs  
80 So. Jefferson Road, Whippany, NJ 07981

Exhibit A  
Page 2