

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

In the Matter of the Request for Approval of)	
Rates and the Name Change of)	<u>File No. XR-2018-0295</u>
TeleQuality Communications, Inc. to)	Tariff No. YX-2018-0137
TeleQuality Communications, LLC)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and for its *Report* states:

1. On April 18, 2018, TeleQuality Communications, Inc. (“the Company”) filed tariff sheets that would change the minimum and maximum rates that it charges for local telephone service, a retail service to end user customers, specifically for healthcare providers in a rural service area. The Company also included in the proposed tariff sheets recognition of its change of name from TeleQuality Communications, Inc. to TeleQuality Communications, LLC. The Company asks the Commission to accept the notice of its name change, as well as to approve the proposed rural rate for healthcare providers pursuant to federal law 47 C.F.R. 54.607. The Commission ordered Staff to file a recommendation no later than May 18, 2018. Staff now files this *Report* as a result of its investigation of this matter.

2. Commission rule 4 CSR 240-28.030(9) requires all certificated telecommunications and iVoIP providers to provide notice to the Commission of any name changes prior to the effective date of the name change in a letter signed by a company official or attorney, filed in EFIS and accompanied by a new proposed tariff or a tariff sheet reflecting the new name and accompanied by an adoption notice with a one (1) day effective date.

3. Pursuant to Section 392.500(2), RSMo, a Company filing a proposed increase to its rates or charges must provide its customers with at least 10 days notice of the proposed rate increase prior to the date such proposal would take effect. Additionally pursuant to the same statute, the Company's proposal may take effect no sooner than 10 days from its date of filing with the Commission. Section 392.611(1), RSMo, states that telecommunications companies certified under chapter 392, RSMo, are not subject to the laws of chapters 386 or 392 except to the extent they elect to remain subject to certain statutes, rules or orders by notification to the Commission.

4. Federal law 47 C.F.R. 54.607 sets the rural rate that may be charged to healthcare providers by telecommunications carriers as the average of the provider's rates for services provided to other commercial customers in the same rural area. Subset (b) determines if the provider does not provide services to other customers in that rural area then the rate should be the average of other providers' services offered in that rural area. Additionally, subset (b) and subset (b)(1) specifically require a provider to submit to the relevant state commission a proposed rural rate for the service and justification of that proposed rate, including an itemization of the costs of the provided service.

5. TeleQuality provided with its filed *Request* proposed tariff sheets reflecting its proposed rural rates for Commission approval. The Company put the issue date of April 18, 2018 on those tariff sheets, which was the date they were filed, along with an effective date of April 18, 2018.

6. Staff's investigation revealed that TeleQuality failed to meet the Commission Rule requirement of 4 CSR 240-28.030(9) that the proposed tariff sheets reflecting the name change bear at least a one (1) day effective date. Staff also finds that TeleQuality failed to meet the requirements of Section 392.500(2) that the proposed tariff sheets reflecting a request for an increase in rates bear at least a ten (10) day effective date, to the extent that Section 392.611(1) does not nullify this requirement.

7. Despite the fact that Section 392.611(1) states that it nullifies applicability of chapters 386 and 392 to telecommunications providers, Staff would suggest that by TeleQuality filing its request for a rate increase with the Commission pursuant to 47 C.F.R. 54.607, it opened the door to the requirements of Section 392.500(2) and failed to state anything in its filing regarding waiver of that provision. Staff would also suggest that Section 392.611 was written contemplating competition in the telecommunications industry, which negates the requirements of telecommunications providers to have their rate increases or decreases approved by this Commission. However, the federal law provision of 47 C.F.R. 54.607 requires the Company to get Commission approval under this specific scenario, in which case it would seem appropriate to trigger a state law which proscribes a notice requirement for the protection of the customers.

WHEREFORE, Staff recommends that the Commission direct TeleQuality, Inc., to file a new tariff, compliant with the 10 day notice requirement of Section 392.500(2) to its customers and the 10 day effective date tariff requirement; direct Staff to file a recommendation based on TeleQuality's substitute tariff filing; and grant such further and other relief as is just in the circumstances.

Respectfully submitted,

/s/ Whitney Payne

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 15th day of May, 2018, to all counsel of record.

/s/Whitney Payne