Commissioners

JEFF DAVIS
Chairman

CONNIE MURRAY

ROBERT M. CLAYTON III

TERRY JARRETT

KEVIN GUNN

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
http://www.psc.mo.gov

WESS A. HENDERSON
Executive Director

DANA K. JOYCE
Director, Administration and Regulatory Policy

ROBERT SCHALLENBERG
Director, Utility Services

NATELLE DIETRICH
Director, Utility Operations

COLLEEN M. DALE
Secretary/Chief Regulatory Law Judge

KEVIN A. THOMPSON
General Counsel

November 26, 2008

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington D.C. 20554

Re: WC Docket No. 05-337, CC Docket No. 96-45, WC Docket No. 03-109, WC Docket No. 06-122, CC Docket No. 99-200, CC Docket No. 96-98, CC Docket No. 01-92, CC Docket No. 99-68, WC Docket No. 04-36.

Dear Ms. Dortch:

The members of the Missouri Public Service Commission (MoPSC) have concerns related to the process established by the Commission's Order on Remand and Report and Order and Further Notice of Proposed Rulemaking issued November 5, 2008 in the above listed dockets. Parties have been given an extremely brief period of time to review the proposals attached to the Commission's order and prepare comments.

The establishment of a deadline for filing comments 14 days after publication in the Federal Register is very short given the complexity of the three proposals contained in the Commission's order and the implications these proposals have on consumer rates and carrier revenues. Although the attached Comments of the Public Service Commission of the State of Missouri acknowledges the opportunity to comment, the time period for filing comments does not provide enough time to thoroughly consider the proposals. The MoPSC is aware the Commission has been studying intercarrier compensation and the universal service fund reforms for many years. Unfortunately the Commission is asking parties to respond to specific questions associated with tentative reform provisions only recently introduced as attachments to the Commission's latest order. In addition, the Commission's failure to identify and quantify the potential impacts of these proposals on company revenues and consumer rates makes it very difficult for a careful evaluation.

The MoPSC applauds the Commission's efforts to finally issue tentative reform measures for these very complex issues; however parties deserve a better process for considering and commenting on such proposals.

Sincerely,

Chairman Jeff Davis

Commissioner Connie Murray

Commissioner Robert Clayton III

Commissioner Terry Jarrett

Commissioner Kevin Gunn

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D. C.

In the Matter of	)	
	)	
High-Cost Universal Service Support	)	WC Docket No. 05-337
	)	
Federal-State Joint Board on Universal Service	)	CC Docket No. 96-45
	)	
Lifeline and Link Up	)	WC Docket No. 03-109
	)	
Universal Service Contribution Methodology	)	WC Docket No. 06-122
	)	
Numbering Resource Optimization	)	CC Docket No. 99-200
	)	
Implementation of the Local Competition Provisions in the Telecommunications Act of 1996	)	CC Docket No. 96-98
	)	
Developing a Unified Intercarrier Compensation Regime	)	CC Docket No. 01-92
	)	
Intercarrier Compensation for ISP-Bound Traffic	)	CC Docket No. 99-68
	)	
IP-Enabled Services	)	WC Docket No. 04-36

COMMENTS OF THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

The Public Service Commission of the State of Missouri ("MoPSC") offers the following comments in response to the Federal Communication Commission's ("Commission's") Order on Remand and Report and Order and Further Notice of Proposed Rulemaking ("Order on Remand") released November 5, 2008. The MoPSC commends the Commission for its attempt at providing comprehensive reform of intercarrier compensation and the universal service fund and thanks the Commission for the opportunity to comment. The MoPSC has on numerous occasions supported

comprehensive reform that is consistent with various principles[1] and is generally supportive of the many concepts proposed by the Commission. However, before finalizing such comprehensive reform, the Commission should identify and quantify the potential impacts to company revenues and consumer rates.

In its Order on Remand, the Commission seeks comment on two questions. First, should the additional cost standard utilized under §252(d)(2) be: (i) TELRIC or (ii) an incremental cost standard described in the appendices to the Order on Remand? Second, should the terminating rate for all §251(b)(5) traffic be: (i) a single, statewide rate or (ii) a single, company-specific rate?[2] The MoPSC will first respond to those questions. The MoPSC's comments will then provide additional comments on proposed reforms for intercarrier compensation, the federal universal service fund and measures to ensure proper billing.

I. Questions posed in the Order on Remand

A. Should the cost standard be TELRIC or the incremental cost methodology?

The Commission is considering a proposed new costing methodology for determining terminating traffic costs that will determine the finalized unified terminating rate. In contrast to the Total Element Long Run Incremental Cost ("TELRIC") method

[1] See MoPSC's October 24, 2006 comments in CC Docket No. 01-92, In the Matter of Developing a Unified Intercarrier Compensation Regime. NARUC Principles, beginning at page 4. See also MoPSC's April 2008 comments in WC Docket Nos. 05-337 and CC Docket 96-45, In the Matter of High-Cost Universal Support, Federal-State Joint Board on Universal Service. Universal Service Principles at page 3 and concepts to carry out the Universal Service Principles, beginning at page 3.

[2] Order on Remand and Report and Order and Further Notice of Proposed Rulemaking. WC Docket No. 05-337, CC Docket No. 96-45, WC Docket No. 03-109, WC Docket No. 06-122, CC Docket No. 99-200, CC Docket No. 96-98, CC Docket No. 01-92, CC Docket No. 99-68, WC Docket No. 04-36. In the Matter of High-Cost Universal Service Support, Federal-State Joint Board on Universal Service, Lifeline and Link-Up, Universal Service Contribution Methodology, Numbering Resource Optimization, Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Developing a Unified Intercarrier Compensation Regime, Intercarrier Compensation for ISP-Bound Traffic, IP-Enabled Services. ("Order on Remand"). Released November 5, 2008. Paragraph 41.

used for determining unbundled network elements prices, the new costing method excludes common costs and overhead allocations as well as all non-traffic sensitive costs. If adopted, the new costing method uses a multi-step process where termination costs are determined by the difference between calculating the stand-alone costs of a network performing all functions versus a network performing all functions except the transport and termination of other carriers' traffic. The Commission anticipates the new incremental costing method will result in lower costs than TELRIC costs.

The MoPSC has reservations about implementing a new costing methodology at this time. The purpose of exploring a new costing method is presumably to justify a termination rate lower than $.0007 per minute. If termination rates are ultimately unified for all traffic and reduced to $.0007 per minute, this costing issue becomes less significant. Nevertheless, the Commission has provided limited information about the new method. Although attempting to fine-tune the identification of incremental costs is a worthy objective, the Commission has failed to adequately justify why TELRIC is not acceptable or cannot simply be modified.

B. Should the terminating rate for all § 251(b)(5) traffic be set as: (i) a single, statewide rate; or (ii) a single rate per operating company?"[3]

The MoPSC advocates a single, statewide rate applicable for all companies. This concept is consistent with the Commission's objective, which states, "In this order, we therefore adopt a new approach to intercarrier compensation and establish the blueprint for moving to new *uniform* termination rates that are economically efficient and

[3] Order on Remand. Paragraph 41.

sustainable in our increasingly competitive telecommunications markets.[4] Moreover termination costs should be similar for all companies. The MoPSC anticipates the industry will also prefer a single statewide rate to simplify billing between companies and also promote the Commission's desire for true symmetrical compensation arrangements.

II. Proposed Reforms for Intercarrier Compensation

The MoPSC supports efforts to achieve a unified rate for terminating traffic.[5] A unified rate for terminating all forms of traffic will eliminate regulatory arbitrage concerns and more accurately reflect incremental costs. Nevertheless, the Commission's proposed intercarrier compensation reforms raise concerns and questions. The MoPSC's comments will be limited to identifying portions of the Commission's proposed intercarrier compensation reforms requiring greater clarification and/or change.

A. Provide more time to transition intrastate terminating rates to interstate parity.

The Commission's proposed reforms for intercarrier compensation contained in Appendices A and C provide a ten-year transition plan for reducing termination rates; however, intrastate termination rates must be at parity with interstate rates by the end of the second year. For states that have not already achieved parity, the Commission's proposed reform will generate most of the anticipated revenue shifts during this initial two-year time period. For example, Missouri's overall intrastate switched access rates average approximately $.09 per minute and generate approximately $235,000,000 in annual revenue for incumbent local telephone companies. Achieving parity with interstate switched access rates will result in a $199,000,000 revenue reduction.

[4] Order on Remand. Paragraph 190 of Appendix A and Paragraph 185 of Appendix C.

[5] See MoPSC's May 2005 comments in CC Docket No. 01-92, In the Matter of Developing a Unified Intercarrier Compensation Regime.

Although these figures include both originating and terminating intrastate switched access revenues, parity achievement accounts for 84.7% of current intrastate access revenue.[6]

The Commission notes, "Accordingly, we adopt here a gradual ten-year transition plan with separate stages, designed to reduce rates over a sufficient period to minimize market disruptions and to cushion the impact of our reform on both customers and carriers."[7] A longer transition time period to achieve parity will provide greater flexibility to address the need to increase consumer rates. More time is needed to ensure companies have adequate financial resources and to minimize rate shock to basic local telecommunications subscribers. Some states, like Missouri do not currently have an intrastate subscriber line charge ("SLC") or a state universal service fund ("USF") that can be used to provide revenue replacement assistance. Although the Commission is not requiring states to have a SLC or a state USF, the need for such a charge or state funding may need to be addressed. Statutory changes may even be necessary. Any timeline for achieving parity should allow an opportunity to consider and implement such measures to reduce the potential of rate shock on consumers.

In contrast to the Commission's proposed two-year time period, the Commission should allow at least five years for carriers to reach parity with interstate terminating rates. Such a time period will allow a more reasonable timeline for addressing revenue recovery issues and still allow the Commission to pursue additional reductions in the

---

[6] These revenue figures were presented by Doug Galloway, State Executive for Embarq Corporation, on November 13, 2008, testifying on behalf of the incumbent local exchange industry in testimony before the Missouri legislature's Joint Interim Committee on Voice Regulation. The numbers have not been verified by the MoPSC. MoPSC records indicate Missouri intrastate originating and terminating access rates range from $.0473 to $.2663.

[7] Order on Remand. Paragraph 190 of Attachment A and Paragraph 185 of Attachment C.

remaining portion of the ten-year time period. In addition, the Commission should allow greater discretion in reaching parity. For example, rather than mandating a specific percentage reduction each year of the difference between intrastate versus interstate terminating access rates, the Commission should just establish a deadline for reaching parity.

B. Clarify the proposed intrastate precondition for federal revenue recovery relief.

Before allowing a company to seek federal revenue recovery relief, such as increase the company's federal SLC and seek additional USF funding, the Commission is proposing an intrastate precondition. The Commission's proposed intrastate precondition requires intrastate retail rates be set at their maximum levels. The Commission provides minimal guidance on how it will be determined if a company's intrastate retail rates are set at their maximum level. For example the Commission simply states, "…As a prerequisite for incumbent LECs to increase their SLCs in this manner, we require that the LEC's state retail rates and any intrastate SLC be set at the maximum level permitted under state regulations…."[8] A footnote to this sentence attempts to further clarify this sentence by saying, "To the extent that a carrier's state retail rates have been deregulated, that carrier may not increase its SLCs to recover any net loss in intrastate intercarrier compensation revenues." The Commission should clarify how this intrastate precondition applies if only a portion of a company's basic local rates have been deregulated.[9]

[8] Order on Remand. Paragraph 299 of Appendix A and Paragraph 294 of Appendix C.

[9] For example, in Missouri all business rates have been deregulated for all carriers; however, residential basic local service rates can be deregulated in only a portion of an ILEC's service area.

Alternatively, the Commission could simply establish a benchmark rate for basic local telecommunications services. Although the Commission specifically declined to establish benchmarks in its Order on Remand, a benchmark approach simplifies and clarifies the process.

C. Revenue neutrality should not be ensured for any company.

The Commission's proposed intercarrier compensation reform measures contained in Appendix C ensure revenue neutrality for rate-of-return incumbent LECs. For instance, in Appendix C, the Commission creates a supplemental cost recovery mechanism for rate-of-return carriers, which "compensates rural rate-of-return incumbent LECs for all of the revenues lost as a result of the mandated reductions in intercarrier compensation rates that are not otherwise recoverable through increases in SLCs" and "to ensure that those rural rate-of-return carriers [that have committed to the five-year broadband build-out] continue to have an opportunity to earn their authorized interstate rate of return."[10] The Commission also states that "this component will provide compensation for unrecoverable revenue losses attributable to losses in access lines and interstate and intrastate minutes of use."[11] The only precondition to an incumbent LEC receiving the supplemental cost recovery mechanism is that the incumbent LEC is under rate-of-return regulation at the interstate level.[12]

In contrast, the Commission's proposal in Appendix A requires both price-cap ILECs and rate-of-return LECs to demonstrate that they are unable to earn the normal or authorized profit, respectively, in carrying out intercarrier compensation reform. The

[10]Order on Remand. See Appendix C at Paragraph 321.

[11] Id.

[12] Order on Remand. See Appendix C at Paragraph 320.

exception in Appendix A requires price cap incumbent LECs to include "all costs of a firm, including its opportunity costs", stating that the same supported network is used to provide both regulated and non-regulated services and finding that it is not appropriate for all universal service contributors to pay for "high overhead, sumptuous earnings, [and] rich dividends."[13] The Commission's approach to revenue neutrality in Appendix A is more rational and ensures additional USF funding is necessary, not automatic or guaranteed. However, the MoPSC urges the Commission to apply the same universal service funding standard to rate-of-return carriers as price cap carriers: When determining whether additional support is needed, revenue from all sources should be included in the calculation. As with price cap incumbent LECs, rural rate-of-return carriers use the "same supported network" to provide both regulated and non-regulated services, and as such, should be treated the same. Only in this way will USF funding be better controlled and promote accountability.

D. Cap originating access rates; however, delay the elimination of such rates.

The MoPSC supports the Commission's proposal to cap originating access rates at current levels. Although the Commission seeks comment on issues relating to the transition for the elimination of originating access, the MoPSC urges the Commission to delay any action on such issues at this time. Revenue reductions and the associated rate increases will be significant for the transition to a unified terminating rate. Simultaneously pursuing the elimination of originating access will simply compound these revenue reductions and rate increases. Eliminating originating access should be delayed until revenue and rate impacts can be more carefully evaluated. In addition, the

[13]Order on Remand. See Appendix A at Paragraphs 323 and 324.

Commission should more fully consider the incremental costs of originating access service before attempting further reform.

III. Proposed Reforms for the Federal Universal Service Fund

The MoPSC supports most of the proposed reforms for the federal USF. For example, the MoPSC supports the following specific Commission reform proposals: (1) capping total high-cost support, (2) eliminating the identical support rule, (3) implementing a numbers-based method for determining USF contributions for residential services, (4) expanding Numbering Resource Utilization and Forecast ("NRUF") data collection requirements, and (5) creating a broadband Lifeline/Link Up pilot program. Rather than elaborate on the MoPSC's support for each of these reform measures, the MoPSC's comments will focus on concerns/questions about certain aspects of the Commission's reform measures for the federal USF.

A. Applying broadband deployment milestones is not reasonable without the ability to consider waiver requests and the associated validity of broadband deployment.

In its Order on Remand, the Commission requires eligible telecommunications carriers ("ETCs") to offer broadband Internet access service, along with all supported services, to all customers throughout their service areas by the end of a five- or ten-year build-out period. Depending on the Appendix and the type of carrier, the actual build-out requirements vary slightly, but ultimately result in a carrier either rolling out broadband to the vast majority of its customers or risk losing universal service support.[14] While it is commendable that the Commission is cognizant of the digital divide between rural and urban areas, the mandates imposed by the Order on Remand are not reasonable. The

[14]Order on Remand. See Appendices A and C, beginning at Paragraph 25.

Commission is mandating ubiquitous broadband deployment in some of the most costly areas of the country without consideration of costs, efficiencies or potential customer subscription rates. Failure to meet such build-out mandates results in the loss of universal service support, except for in limited circumstances where waivers can be sought. If the Commission pursues such mandates, the MoPSC suggests the Commission should first allow the opportunity for carriers to seek waivers, provide the opportunity for competitors to respond to such requests and then review the merits of such waivers before terminating universal service support and proceeding with reverse auctions for an area. Such a process will allow carriers and competitors to demonstrate the validity of broadband deployment to all areas of the country.

B. State commissions should have a role in auditing a company's compliance with broadband milestones.

The Commission proposes to have the Commission's Office of Inspector General audit a company's compliance with meeting proposed broadband build-out milestones. The current annual certification process for continued receipt of high-cost USF support requires state commissions to certify companies are appropriately using USF funding. If the Commission ultimately requires high-cost USF recipients to commit to broadband build-out requirements as a condition of continued USF funding, state commissions should have a role in ensuring such milestones are met. Under the Commission's proposed process the Commission could end-up with confusing and conflicting results whereby a state commission could certify a company is using USF funding appropriately; however, the Inspector General finds the company is not meeting broadband milestones. To ensure state commissions have a role in verifying broadband milestones are met, the

Commission should provide state commissions with greater and more specific, explicit authority regarding the annual certification process. Consistent with previous comments, the MoPSC maintains this authority should include a more defined annual certification process with greater oversight and accountability to ensure USF funding is being used appropriately.[15]

C. Reverse auction concerns.

The MoPSC has previously expressed concerns regarding the use of reverse auctions. Rather than repeat those concerns, the MoPSC comments on the current proposal to implement a reverse auction process if a carrier currently receiving high-cost USF support fails to offer broadband services as required by the proposals in Appendices A and C. To more accurately identify unserved areas, state commissions should have a role in determining policy issues associated with implementing a reverse auction. For example state commissions should have input on the specific areas targeted for a reverse auction as well as the selection of the winning bidder. The Commission proposes to use a reverse auction to select a single winner based on the bidder who commits to offering the highest speed of broadband. The MoPSC has reservations as to whether such a bidding process will result in the selection of the best bid. The Commission should have greater discretion in selecting the winning bid other than solely focusing on which bid offers the highest broadband transmission speed. For example, cost, quality of service, promptness of implementation, and the degree of difference in broadband transmission speeds are examples of items that should be considerations in selecting the winning bid.

[15] See MoPSC's April 2008 comments in WC Docket Nos. 05-337 and CC Docket 96-45, In the Matter of High-Cost Universal Support, Federal-State Joint Board on Universal Service. Concepts to carry out the Universal Service Principles, beginning at page 3.

D. High-cost reform should be competitively neutral.

The Commission's USF reform measures in Appendix C conflict with the concept of competitive neutrality. For example, the Commission's proposals for USF reform in Appendix C propose to delay capping high cost support for rate-of-return carriers until 2010, while capping USF for all other carriers as of December 2008. USF reform should not attempt to preserve existing revenue levels for a particular type of carrier or technology. In contrast, the Commission's Appendix A proposal caps all high-cost support at December 2008 levels. Such an approach is more competitively neutral than a proposal that provides an exception for some carriers.

Appendix C also provides additional funding if the company commits to ensuring broadband is available to all customers within five years.[16] Such measures appear contradictory to the Commission's proposed cap on total high-cost USF support. Moreover, as discussed in more detail above, limiting such additional funding support to only rate-of-return carriers is not competitively neutral.

The Commission's Appendix C reform measures also phase-out high-cost support for competitive ETCs within a five-year transition period. In this regard, Appendix C allows rate-of-return carriers to continue to receive, if not grow, high-cost USF support while high-cost support for competitive ETCs is eliminated. Applying different reform measures for different carriers conflicts with the concept of reforming high-cost USF support in a competitively neutral manner.

E. Enhancing the proposed numbers-based method for determining USF contributions for residential services.

[16]Order on Remand. Appendix C, page C-144 and C-145, Paragraphs 320 and 321.

As previously indicated the MoPSC supports implementing a numbers-based method for determining USF contributions for residential services. The Commission's proposed number-based USF contribution proposal assesses numbers that are actually in use by end users for services that traverse a public interstate network ("Assessable Numbers"). The Commission cites number conservation as one of the benefits of the numbers-based method.

Unfortunately, many companies continue to hoard unassigned telephone numbers beyond a reasonable reserve level. For example, the MoPSC Staff recently contacted 41 companies, representing 4,253 thousands-blocks with a utilization rate of 10% or less. The MoPSC Staff asked the carriers to either return the unassigned telephone numbers within these blocks or alternatively explain why the unassigned telephone numbers should be retained. Ultimately 1,077 thousands-blocks (or 1,077,000 telephone numbers) were returned to the Pooling Administrator. In contrast to the Commission's claims, the currently proposed numbers-based method will do little to improve telephone number conservation efforts.

While the MoPSC has consistently supported a numbers-based approach, the approach can be enhanced by requiring a carrier to also submit the assessment for unassigned telephone numbers the company fails to properly return to the Pooling Administrator.[17] Under this enhanced approach, a carrier would not be assessed for telephone numbers it can legitimately hold in reserve based on the Commission's rules; but if a carrier retains numbers inappropriately, it should be held responsible for the

[17]This MoPSC proposal continues to allow the exclusion of certain telephone numbers as proposed by the Commission such as ported numbers, administrative numbers, numbers used for routing purposes, and so forth. In addition, this proposal should not assess unassigned telephone numbers that a company can rightfully retain for future assignment to customers.

assessment payment associated with those numbers. Likewise, when a carrier provides telephone numbers to another carrier ("secondary carrier"), the numbers appear properly utilized, when in reality, the "secondary carrier" may be retaining numbers unnecessarily. The assessment associated with numbers assigned to the "secondary carrier" should also be assessed for numbers retained inappropriately. Only in this manner will a numbers-based method truly help conserve telephone numbers by ensuring companies accurately forecast their telephone numbering needs and retain only a reasonable level of unassigned telephone numbers.

The MoPSC also supports expanding NRUF data collection to all providers who are required to contribute to the universal service fund based on Assessable Numbers. Currently NRUF data reflects blocks of telephone numbers assigned solely to the carrier directly receiving telephone numbers from the numbering administrator. NRUF data can be greatly improved if NRUF reflects the blocks of telephone numbers that ultimately are assigned to the carrier providing retail service. In this regard if a carrier receives a block of telephone numbers from another carrier rather than the numbering administrator then NRUF should identify the telephone numbers assigned to the retail carrier. Such efforts will assist in enforcing USF contribution requirements but also assist telephone number conservation efforts because NRUF will contain better and more complete data pertaining to telephone numbers.

F. The proposed USF assessment connection-based method for business services should have a more granulated rate structure.

The Commission is considering a connection-based method for business service based on only two transmission speeds. Specifically, the Commission is proposing a

$5.00 charge per dedicated connection with a transmission speed of 64 kbps and a $35 charge per dedicated connection with a transmission speed over 64 kbps.[18] A transmission speed of 64 kbps reflects a DS-0 or one voice grade channel. Companies typically offer several connections at greater transmission speeds such as DS-1, DS-2, DS-3, OC-1, OC-2, OC-3 and so forth.[19] The Commission's proposed connection-based method simply groups all of these connections into the same category and applies the same rate. Instead, the Commission should have a more granulated rate structure with different assessment rates based on the transmission speeds of the different connection offerings.

IV. Proposed Measures to Ensure Proper Billing

The Commission is proposing certain measures to ensure proper billing. Most notable is the proposal to ensure calling party number information is passed to the terminating carrier. The majority of the MoPSC supports such a measure as well as the proposal allowing a terminating carrier to bill its highest termination rate to a transiting carrier if any traffic delivered by the transiting carrier lacks such signaling information. Allowing a terminating carrier to bill the transiting carrier for any traffic lacking signaling information is reasonable for it places some responsibility on the transiting carrier to ensure the originating carrier provides such information.

V. Summary

In summary, the MoPSC supports actions to comprehensively reform intercarrier compensation and the high-cost universal fund. The proposals in Appendix A and

[18]Order on Remand. Page B-32 and B-33, Paragraphs 81 and 82.

[19] For example a DS-1 is the equivalent of 24 voice grade channels and has an overall transmission speed of 1.544 Mbps. A DS-3 is the equivalent of 672 channels and has an overall transmission speed of 44.736 Mbps.

Appendix C address many of the issues related to comprehensive reform, and although these comments have expressed some remaining concerns, the MoPSC is confident that through additional modifications significant reform may be possible. The Commission should strive to issue a reform order that will reduce arbitrage opportunities, provide a sustainable universal service fund and continue to promote the universal service goals of the Act by moving intrastate access rates to interstate access levels over a reasonable period of time, minimize rate shock to the consumer, address phantom traffic issues and ensure cost recovery for lost revenues is not only competitively neutral, but also necessary to ensure the viability of the carrier.

Respectfully submitted,

_/s/ John Van_Eschen_____
John Van Eschen
Manager, Telecommunications Dept.

_/s/ Sarah Kliethermes__ _____ __
Sarah Kliethermes
Legal Counsel
Missouri Bar # 60024
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-6726 (Telephone)
(573) 751-9285 (Fax)