

STATE OF MISSOURI

PUBLIC SERVICE COMMISSION

At a Session of the Public Service

Commission held at its office

in Jefferson City on the 9th

day of September, 1999.

In the Matter of KLM Telephone Company's) Case No. TT-2000-193

Revised Intrastate Access Tariff Filing) Tariff File No. 200000128

ORDER REJECTING TARIFFS

On August 16, 1999, KLM Telephone Company (KLM) filed revised tariff sheets to revise its intrastate access rates. The tariff bore an effective date of September 16. The tariff filing, in a note at the bottom of Third Revised Sheet 3.3.1, proposed the following mechanism to achieve revenue neutrality:

Note: The carrier common line (CCL) rates shown as 12.1.1(A) are interim and subject to refund to the extent that revenues received from such CCL rates (when combined with the revenue from all other switched access and billing and collection rates) for the six (6) month period after the effective date of this tariff exceeds total intrastate switched access and billing and collection revenues received by the Company during the six (6) month period prior to the effective date of this tariff. Simple interest at the rate of 9% per annum will be paid on such refunds.

On August 27, Southwestern Bell Telephone Company (SWBT) filed a pleading entitled "Southwestern Bell Telephone Company's Comments." SWBT stated that it does not object to the rates contained in the tariff filing, but that it objects to the mechanism by which KLM seeks revenue neutrality. SWBT states that the proposed mechanism conflicts with both the Commission's Report and Order in TO-99-254 et al. and with the revenue neutrality calculations KLM filed in that case. SWBT did not request any specific relief.

On September 2, KLM filed a response to SWBT's comments. KLM continues to labor under the misconception that the Commission's Report and Order in KLM's intraLATA dialing parity plan case (Case No. TO-99-511) permitted a different kind of revenue neutrality mechanism than that authorized in the Report and Order in Case No. TO-99-254. The Commission has attempted to address KLM's misunderstanding in several orders concerning clarification and rehearing. It

will suffice here to simply state that the revenue neutrality mechanism that KLM proposes does not comport with the Reports and Orders in either Case No. TO-99-254 or Case No. TO-99-511.

KLM agrees with SWBT that the access rates in its tariff differ from those that would have resulted from the revenue neutrality calculations it submitted in Case No. TO-99-254. However, KLM states that the access rates recover less revenue than those calculations showed it would lose. The Commission agrees with KLM that recovering less than the amount it estimated it would lose is within its prerogative. KLM also notes that the Commission has approved tariffs for other companies containing the same language that appears in KLM's tariff.

On September 9, the Commission Staff filed a Memorandum in which it recognizes that the language in KLM's tariff may conflict with the Report

and Order in TO-99-254, and recommends that the Commission suspend the tariff.

Simply because the Commission's Staff did not note in its memoranda on other tariff filings, and the Commission itself was not aware, that the tariffs of three other companies conflicted with the Report and Order in Case No. TO-99-254 is no reason to perpetuate the error with KLM's tariff. KLM's tariff contains a mechanism to achieve revenue neutrality that does not comply with the Reports and Orders in Case Nos. TO-99-254 and TO-99-511, and the Commission will reject that tariff.

IT IS THEREFORE ORDERED:

1. That the tariff filed by KLM Telephone Company on August 16, 1999, and assigned Tariff File No. 200000128 is rejected.
2. That this order shall become effective on September 16, 1999.

BY THE COMMISSION

Dale Hardy Roberts

Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray,

and Drainer, CC., concur

Schemenauer, C., absent

Mills, Deputy Chief Regulatory Law Judge