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**BEFORE THE  
MISSISSIPPI PUBLIC SERVICE COMMISSION**

**IN RE:**

**APPLICATION OF THE MISSISSIPPI )  
INDEPENDENT GROUP MEMBER )  
COMPANIES FOR DESIGNATION )  
AS ELIGIBLE TELECOMMUNICATIONS )  
CARRIERS UNDER THE )  
TELECOMMUNICATIONS ACT OF 1996 )**

**Docket No. 97-AD-552**

**FINAL ORDER**

**I. PROCEDURAL BACKGROUND**

On September 30, 1997, the Member Companies of the Mississippi Independent Group (hereinafter referred to as the "Independent Group") filed an application in which each of the Independent Group member companies sought designation as the Eligible Telecommunications Carrier ("ETC") within its respective incumbent local exchange carrier ("LEC") service area ("Application"). Each member of the Independent Group, identified in Attachment A, hereto, holds a certificate of public convenience and necessity, and is considered a "rural telephone company" under the Telecommunications Act of 1996 ("1996 Act"). The Application was submitted pursuant to our September 8, 1997, Order in this proceeding, Section 214(e) of the 1996 Act, and Sections 54.201-207 of the Rules of the Federal Communications Commission ("FCC").

The efforts of the FCC and the Federal-State Joint Board on Universal Service ("Joint

Board") culminated in May 1997 with the adoption of the FCC's Universal Service Order.<sup>1</sup>

Among other items, the Universal Service Order prescribed a new set of universal service rules designed, in part, to yield approximately the same level of cost recovery for eligible LECs as that received today. Consistent with the requirements of the 1996 Act, the FCC transferred to the new reconstituted universal service fund the cost recovery previously reflected through, among other items, high loop cost recovery support plan (see 47 C.F.R. Part 36, Subpart F - Universal Service Fund), interstate cost recovery of central office switching equipment owned by smaller LECs (see 47 C.F.R. §§ 36.125 and 54.301), and Long Term Support (see 47 C.F.R. § 54.303). Beginning January 1, 1998, a LEC which currently is receiving cost recovery from these mechanisms will *only* be qualified to receive such universal service support, including recovery of discounts provided to health-care providers (see 47 C.F.R. 54.201(a)(2)) if it has been designated by a state regulatory commission as an ETC. 47 C.F.R. § 54.201(a)(1).

To be an ETC, a LEC is required to offer, through its own facilities or a combination of its own facilities and the resale of another carrier's service, and advertise the availability of the following services: voice grade access to the public switched network; access to free-of-charge "local usage," defined as an amount of minutes of use of exchange service; dual tone multi-frequency signaling or its functional equivalent; single-party service or its functional equivalent; access to emergency services; access to operator services; access to interexchange service; access to directory assistance; and toll limitation services for qualifying low-income consumers. 47

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<sup>1</sup> See generally In the Matter of Federal-State Joint Board on Universal Service: Report and Order, CC Docket No. 96-45, FCC 97-157 (rel. May 8, 1997) ("Universal Service Order").

C.F.R. § 54.101(a)(1).

## **II. FINDINGS AND ORDER**

The Commission has received and considered the Application submitted by the Independent Group. Being fully advised, this Commission finds that it has jurisdiction over the parties and the subject matter of this proceeding and further finds, for the reasons set forth hereinbelow, that the Application shall be granted and that each member company of the Independent Group identified in Attachment A shall be designated the ETC for their respective incumbent LEC service area.

1. The Independent Group member companies provide local exchange and exchange access services in predominantly rural areas of Mississippi, and will consequently be affected by new Federal Universal Service Fund mechanisms adopted earlier this year. Likewise, in their respective incumbent LEC service areas, the Independent Group member companies effectively provide ubiquitous telecommunications services to all who request service. Accordingly, in order to ensure the provision of the universal service in Mississippi, the Commission grants the Application of the member companies of the Independent Group identified in Attachment A, and provides certain of the member companies with waivers, as discussed below.

2. It is clear from the FCC's rules that, absent Commission action designating the Independent Group member companies as ETCs, the continuation of uninterrupted *interstate* cost recovery support to these companies will end as of January 1, 1998. Moreover, absent Commission action, the public policy goal of assuring that the Independent Group member companies' subscribers continue to receive the benefits of reasonable basic rates and quality telecommunications services will be placed in jeopardy. Likewise, these interstate cost recovery

mechanisms have assisted the Independent Group member companies' efforts to invest in modern telecommunications networks and to provide quality telecommunications services at reasonable prices to their customers. Without these interstate cost recovery policies and mechanisms, the Independent Group member companies serving Mississippi's rural and higher-cost-to-serve areas either would not have been capable of providing the advanced services that their respective subscribers enjoy today or would have been forced to provide services at much higher basic rates, or both.

3. With respect to the service provision requirements, all of the Independent Group member companies provide their services utilizing their own facilities-based networks or the resale of other carriers' services. Regarding the requirement that ETCs advertise the availability of the list of universal services, the Independent Group member companies, as the current incumbent LECs, utilize standard subscriber notification and public notice procedures that satisfy this requirement without further action. Moreover, the Independent Group member companies currently provide customer notification and marketing of their services consistent with the intended scope of the advertising requirement. Accordingly, we find that the advertising obligation required by Section 214(e)(1) is currently being met by the member companies, and that no supplemental action by the Commission is required at this time.

4. With respect to the service offering requirements, all of the member companies of the Independent Group offer the services designated for support as listed in 47 C.F.R. § 54.101(a), with the exception of 911/enhanced 911 ("E911") and one aspect of toll limitation service, as discussed below. For these exceptions, the FCC's rules specifically allow that LECs can be granted additional time to provide these supported services. 47 C.F.R. § 54.101(c).

5. An ETC must offer access to 911 or E911 only "to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems." 47 C.F.R. § 54.101(a)(5). Therefore, any special provision allowing additional time to upgrade networks related to access to 911/E911 services need only be granted where a local government has implemented 911/E911 but the LEC that serves that local area is not yet capable of providing 911/E911 access to callers. Accordingly, the Commission grants additional time on an "as-needed" basis. We note that Independent Group member companies have participated in the provision of the infrastructure necessary to facilitate 911 and E911 service in every instance where a local government has initiated the actions under state statute required for the implementation of these emergency services. The Independent Group has indicated that its member companies continue to stand ready to work with their local governments and the Commission to ensure the availability of these emergency services wherever requested. Based on these facts and representations, we find that exceptional circumstances are present to grant a waiver of the FCC's rules in the very limited circumstances where such waivers may be needed to permit a Independent Group member company to complete the network upgrades necessary to provide access to 911/E911. This waiver will be put in place until such time as the local governments implement a 911/E911 system.

6. We also note that the FCC has included "toll control" within the services an ETC must provide, and we concur with the member companies of the Independent Group that virtually no LEC in the nation is capable of providing this service as the FCC has defined it. Toll control is defined as "a service provided by carriers that allows consumers to specify a certain amount of toll usage that may be incurred on their telecommunications channel per month or per

billing cycle." 47 C.F.R. § 54.400(a)(3). The ability to offer this aspect of toll limitation service would require network upgrades for each company that would require, on a real-time basis, not only a calculation of the amount of toll, but also the identity of the customer's interexchange carrier, the rate plan to which the customer subscribes, the calculation of dollar amounts of toll usage, and the termination of toll service to the customer, possibly even during a toll call. Such capability does not exist. Accordingly, we find that exceptional circumstances are present that justify a waiver of all requirements to offer toll control, but reserve the right to reconsider this waiver at such time as it is demonstrated that the capability is technically and economically feasible. Such action will ensure that the availability of interstate universal service cost recovery support for the Independent Group member companies is not placed in jeopardy.

7. Having found that each of the Independent Group member companies is a rural telephone company, as defined by the 1996 Act (see 47 U.S.C. § 153(37)), and having found that the Independent Group member companies satisfy the conditions necessary for designation as ETCs,<sup>2</sup> and having shown good cause why the public and universal service interests of the telecommunications users of the State of Mississippi will be served, the Application of the Independent Group is granted.

IT IS THEREFORE ORDERED, as follows:

1. Each member company of the Independent Group identified in Attachment A is designated as the ETC within its incumbent LEC service area.
2. The advertising obligation required by Section 214(e)(1) is currently being met by

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<sup>2</sup>As rural telephone companies, this designation as an ETC is for each company's "study area." See 47 C.F.R. § 54.207.

these companies, and no supplemental action by the Commission is required at this time.

3. Waiver of the 911 and E911 requirements for the affected companies serving areas in which the appropriate authority does not have 911 or E911 systems in place is granted as provided for herein.

4. Waiver of the toll control requirements is granted as provided for herein.

5. This Order shall take effect immediately upon the date set out below.

Chairman Nielsen Cochran voted Aye; Vice-Chairman Bo Robinson voted Aye; Commissioner George Byars voted Aye.

SO ORDERED on this the 16<sup>th</sup> day of December, 1997.

MISSISSIPPI PUBLIC SERVICE COMMISSION



Nielsen Cochran  
Nielsen Cochran, Chairman

Bo Robinson  
Bo Robinson, Vice-Chairman

George Byars  
George Byars, Commissioner

ATTEST: A True Copy

Brian U. Ray  
Brian U. Ray  
Executive Secretary

**ATTACHMENT A****MISSISSIPPI INDEPENDENT GROUP MEMBER COMPANIES**

**ALLTEL Mississippi, Inc.  
Bay Springs Telephone Company  
Bruce Telephone Company, Inc.  
Calhoun City Telephone Company  
Century Telephone of Northern Mississippi, Inc.  
Decatur Telephone Company  
Delta Telephone Company  
Franklin Telephone Company, Inc.  
Frontier Communications of Mississippi, Inc.  
Fulton Telephone Company  
Georgetown Telephone Company, Inc.  
Lakeside Telephone Company  
Mound Bayou Telephone Company  
Myrtle Telephone Company  
Noxapater Telephone Company  
Sledge Telephone Company  
Smithville Telephone Company, Inc.  
Southeast Mississippi Telephone Company**