

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

An Investigation of the Fiscal and)	
Operational Reliability of Cass County)	
Telephone Company and New Florence)	Case No. TO-2005-0237
Telephone Company, and Related Matters)	
of Illegal Activity.)	

**NEW FLORENCE TELEPHONE COMPANY'S MOTION
FOR CERTIFICATION TO RECEIVE FEDERAL
UNIVERSAL SERVICE FUNDS**

Comes now New Florence Telephone Company ("New Florence" or "Company") and for its Motion for Certification to Receive Federal Universal Service Funds states to the Missouri Public Service Commission ("Commission") as follows:

1. On September 30, 2004, the Commission sent a letter to the Federal Communications Commission ("FCC") stating that it "declined to certify" that New Florence was using its high cost support in accordance with Section 254(e) of the Telecommunications Act of 1996. The letter further stated that the Commission was "conducting further inquiry . . . and awaiting the receipt of a third-party audit." The Commission indicated that if the additional inquiry indicated that the Company was using the funds in accordance with Section 254(e), it would submit a letter of certification at that time.

2. On January 14, 2005, the Commission issued its Order Establishing Investigation Case in which it directed its Staff to investigate the "financial and operational status of any certificated company in which Mr. Kenneth Matzdorff has any ownership interest or any operational control or influence"

3. Tiger Telephone, Inc. ("Tiger Telephone") holds 100 percent of the stock of New Florence. On September 30, 2004, when the Commission issued its correspondence to the FCC declining to certify New Florence, the owners of Tiger Telephone were Ken Matzdorff, LEC, LLC, and Robert Williams each holding a one-third interest.

4. Since September of 2004, New Florence has responded to 48 Staff data requests. It has provided all of the requested information that was within its possession and control. On December 23, 2004, New Florence forwarded its independent, third-party audit for fiscal year 2003 to the Commission Staff. In all of this information provided to the Staff there is no evidence of any wrongdoing by New Florence. New Florence is not mentioned in any of the federal indictments or guilty pleas associated with Mr. Matzdorff, nor is it mentioned in any of the newspaper articles or press releases. New Florence has not been subject to audit by USAC or the National Exchange Carrier Association ("NECA"). New Florence has not been linked to any of the companies listed in the indictment against Mr. Matzdorff, including Overland Data Center. The only facts or "evidence" linking New Florence to any wrongdoing is that fact that Mr. Matzdorff and Local Exchange Company, LLC ("LEC, LLC") were partial owners of Tiger Telephone which holds the stock of New Florence.

5. New Florence has taken the following steps to disassociate itself from the indicted parties:

a) On August 12, 2004, Mr. Matzdorff voluntarily resigned as an officer and director from both New Florence and Tiger Telephone. The Articles of Incorporation of both those entities were amended so that there is now only one director and one officer for both companies which is Mr. Robert Williams. Mr. Williams has assumed all financial, managerial and

operational responsibilities for New Florence.

b) After the indictments were issued, New Florence immediately began to move all services previously provided by Cass County Telephone Company ("Cass County") and LEC, LLC, (such as billing, accounting, human resources, etc.) to entities other than Cass County and LEC, LLC, and as of January 1, 2005, all of these services have been moved to other vendors that are not affiliated with Mr. Matzdorff or LEC, LLC.

c) New Florence now has written contracts with all vendors and providers of services.

d) An independent, third-party audit was completed and provided to the Commission Staff on December 23, 2004. This audit did not find anything wrong with the level of investment and expenses incurred by New Florence for which it receives USF support.¹

e) On January 21, 2005, as a result of a Legal Separation Decree entered by the Camden County Circuit Court, Mr. Matzdorff's one-third interest in Tiger Telephone was transferred to Rebecca Malcolm (formerly Rebecca Matzdorff), so he is no longer an indirect owner of New Florence. Although LEC, LLC, another company associated with Mr. Matzdorff, continues to hold a one-third interest in Tiger Telephone, Mr. Williams and Ms. Malcolm hold the controlling interest in the company.

6. New Florence believes it should have been certified to receive federal USF funds in September as were the other local exchange companies, since it submitted evidence of compliance and met the same tests the same as all other LECs that were certified. But, at any

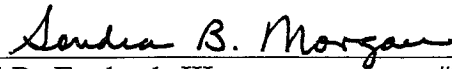
¹The only problem identified in the audit was noted in Footnote 10 and involved the cost of a switch provided to New Florence by an affiliate. The audit adjusted the operating expenses of the Company for 2002 and 2001 accordingly. However, restatement of these expenses resulted in a reduction of NECA settlement revenues, not USF support.

rate, New Florence has now met the conditions set out by the Commission in its letter to the FCC as the Commission's Staff has conducted further investigation and the third-party audit has been provided. The investigation and audit have not uncovered any wrongdoing on the part of New Florence, and the only possible reason for the Commission to continue to decline to certify New Florence is its prior association with Mr. Matzdorff. As was stated above, Mr. Matzdorff no longer holds any ownership interest in either Tiger Telephone or New Florence and has no financial or operational connection to the Company.

7. Until this issue is resolved, New Florence continues to lose funds needed for the provision of service to its customers in high cost areas. Instead of conducting further investigation based solely on the Company's prior connection with Mr. Matzdorff, the Commission should certify New Florence as eligible to receive high-cost funds. If this situation is allowed to continue, the viability of the Company will be seriously jeopardized as well as the service it provides to its customers. Since the Commission seems to feel that it must pursue an additional investigation of New Florence including "any matters pertaining to the Universal Service Fund," New Florence believes that this shows that at this point there is not a sufficient basis for the Commission to refuse to certify the company for USF support. At the very least, the Commission should certify the company for 2005 USF support during the pendency of its investigation.

Wherefore, New Florence respectfully requests that the Commission certify New Florence as eligible to receive federal USF support for the remaining portion of calendar year 2005 as well as assist the Company in obtaining a waiver so that it may recover support for the first quarter of 2005.

Respectfully submitted,



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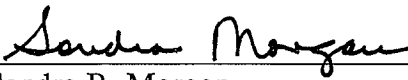
Attorneys for New Florence Telephone Company

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was sent electronically, by U.S. Mail, postage prepaid, or hand-delivered on this 23rd day of February, 2005, to the following parties:

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