

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

In the Matter of the Tariff Filing of)
Sage Telecom, Inc. to Establish a)
Public Switched Network Recovery)
Charge)

Case No. CT-2006-0370
Tariff No. JC-2006-0716

**STAFF'S RESPONSE TO PUBLIC COUNSEL'S
MOTION TO REJECT TARIFF**

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

1. On March 21, 2006, Sage Telecom, Inc. filed a proposed tariff sheet designed to implement a Switched Network Recovery Charge. The tariff sheet bears an effective date of April 1, 2006.

2. On March 28, 2006, the Office of the Public Counsel filed a Motion to Reject Tariff or, in the Alternative, to Suspend Tariff. In support of its motion, Public Counsel refers to rule 4 CSR 240-33.045.

3. On March 30, 2006, the Commission suspended the tariff sheet until May 1, 2006, in order to allow the parties the opportunity to respond to Public Counsel's motion and allow the Commission to further investigate the proposed tariff. The Commission directed that responses to Public Counsel's motion must be filed on or before April 7, 2006. The Commission granted the Staff's motion for an extension of time to file its response no later than April 11, 2006.

4. In general, rule 4 CSR 240-33.045 provides that a telecommunications company shall not name a charge or place it on a bill in a way that implies it is a governmentally mandated or specifically authorized charge.

5. The Staff provides its analysis in the attached Memorandum, which is labeled as Appendix A. It is the opinion of the Staff that the name of this charge does not imply it is a governmentally mandated or specifically authorized charge. However, it is the Staff's opinion that Sage's proposed placement of this charge on the customer's bill - - between two governmentally mandated charges - - implies that it is a governmentally mandated charge.

WHEREFORE, the Staff recommends that the Commission continue the suspension of the tariff filing to address the billing issue.

Respectfully submitted,

/s/ William K. Haas

William K. Haas
Deputy General Counsel
Missouri Bar No. 28701

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 11th day of April 2006.

/s/ William K. Haas

Memorandum

To: Official Case File
Case No. CT-2006-0370 (Tariff File No. JC-2006-0716)

From: John Van Eschen 
Telecommunications Department

Date: April 11, 2006

Subject: Sage Telecom, Inc.'s proposed Public Switched Network Recovery Charge

On March 21, 2006 Sage Telecom Inc. (Sage) filed a proposed tariff to establish a Public Switched Network Recovery Charge. On March 23, 2006 the Commission Staff (Staff) routed a recommendation to allow the proposed tariff filing to go into effect. On March 28, 2006 the Office of the Public Counsel filed a Motion to Reject Tariff or, in the Alternative, to Suspend Tariff. On March 30, 2006 the Commission suspended the proposed tariff until May 1, 2006. The Commission also directed responses to Public Counsel's motion be filed on or before April 7, 2006. On April 7, 2006, Staff requested additional time in order to file a response. As a result of Public Counsel's filing Staff has had subsequent discussions with company officials. The purpose of this memorandum is to respond to Public Counsel's motion and analyze whether the proposal complies with the Commission's rules.

Public Counsel's motion claims the proposed filing violates 4 CSR 240-33.045. Specifically Public Counsel states the proposed charge is unreasonable for a variety of reasons. Public Counsel states the description of the proposed charge in the company's tariff is "...vague, overbroad, and fails to sufficiently and clearly describe the nature and the purpose of the charge." Public Counsel asserts the charge is misleading because the stated purpose of the charge in the company's tariff fails to fully identify the charges for which Sage seeks recovery.

According to the company's proposed filing the proposed \$1.33 monthly fee is intended to recover costs to access the public switched network for local service. Notice of the proposed charge for existing customers is admittedly scant. Such notice simply indicates, "All Missouri customers will receive a Public Switched Network Recovery Charge of \$1.33 beginning with the April invoice." In Staff's opinion, the notice could be more helpful to consumers by providing an explanation and description of the charge; however, such notice technically complies with Section 392.500 RSMo and 4 CSR 240-33.040(4). Commission rule 4 CSR 240-33.045(1) attempts to ensure customers are provided with a clear, full and meaningful disclosure of all monthly charges and usage sensitive rates that are applicable to the services the customer has ordered or is considering ordering. According to company officials new customers are provided with a

Welcome Package that lists all charges. In addition, the company uses a program called “Bill Estimator” when quoting service pricing in response to inquiries. In this regard new customers or customers inquiring about Sage’s services should be adequately informed about the application of this charge.

A significant issue regarding compliance with 4 CSR 240-33.045 is whether the company is attempting to disguise or misrepresent the charge as a governmentally mandated charge or a charge specifically authorized by the government. Such misrepresentations, if evident, violate 4 CSR 240-33.045(2). This portion of the Commission’s rule states a company shall not disguise a charge as a governmentally mandated charge by “naming, labeling or *placing it on the bill* in a way that implies that it is governmentally mandated or specifically authorized...” (emphasis added). In Staff’s opinion, the name of the charge does not imply the charge is a governmentally mandated charge. Nor is the name of the proposed charge similar to the name or label of governmentally mandated charge.

Sage’s proposed placement of the charge on the customer’s bill creates the impression the charge is a governmentally mandated or authorized charge. Attached is a draft copy of a customer’s bill with the proposed charge. The company is planning to place the charge between the Interstate Subscriber Line Charge and the Missouri Universal Service charge which are two governmentally mandated charges. Such placement suggests the proposed Public Switched Network Recovery Charge is also a governmentally mandated charge. In this regard Sage’s proposed placement of the charge on the customer’s bill violates 4 CSR 240-33.045(2)(B) because it places the charge between two governmentally mandated charges. In Staff’s opinion, placing such a charge among other governmentally mandated charges and/or taxes gives the mistaken impression the charge is also a governmentally mandated charge. This problem can potentially be overcome if the company agrees to place the charge in another location on the bill that is not associated with governmentally mandated charges. Other than the issue of where the proposed charge is placed on the customer’s bill, Staff has no other objections to the proposed charge.

In summary, the company’s proposed tariff filing violates Commission rule 4 CSR 240-33.045(2)(B) because the company is creating the impression the charge is governmentally mandated by proposing to place the charge between two governmentally mandated charges. Therefore, Staff amends its prior recommendation. The Commission should not allow the proposed tariff to become effective until this issue is adequately addressed.

Attachment



TELECOM®

Simply about savings

Name [REDACTED]
Account Number [REDACTED]
Invoice Number 0029644990
Billing Date March 21, 2006
Billing Period Mar. 20, 2006 through
Apr. 19, 2006
Current Bill Due by April 11, 2006

Welcome to Sage

At Sage, savings are simple. We're proud to offer you a choice in local service along with benefits such as FREE long distance minutes and FREE calling features. We appreciate our relationship with you, and look forward to providing you with superior savings and reliable, trouble-free service for years to come.

YOUR SAGE PLAN

SIMPLY SAVINGS - \$24.90

- Low priced local service
- 100 minutes of FREE long distance
- FREE CALLER ID
- FREE CALL WAITING

Plus 6 months of UNLIMITED long distance for free! Your free unlimited long distance starts now. Look for a full credit of all of the long distance minutes you used on your next bill. It's our way of saying thanks.

CUSTOMER SERVICE 1-888-449-4940

Previous Balance	Payments & Adjustments	Past Due Balance Payable on Receipt	Current Billing Due by 04/11/06	TOTAL AMOUNT DUE
.00	.00	.00	38.30	38.30



PLEASE DETACH AND REMIT WITH PAYMENT

*** DO NOT INCLUDE CORRESPONDENCE WITH THIS PAYMENT ***

Account Number: [REDACTED]
Invoice Number: 0029644990
Invoice Due Date: 04/11/06
For Customer Service call 1 888 449-4940

TOTAL AMOUNT:	\$ 38.30
Amount Enclosed:	

☐ For payment by credit card, check box and enter information on back side of this form.

☐ For Billing Address change, check box and enter information on back side of this form.

Mail Payments Only To:

JACKSON MO 63755-7093



Sage Telecom
P.O. Box 79051
Phoenix, AZ 85062-9051

Schedule 1-1

000018718271002 0029644990 00000000 00000000 00000000 0003830 000003830 1

Name XXXXXXXXXX Page 2
Account Number XXXXXXXXXX Invoice Number 0029644990 Billing Date March 21, 2006

ACCOUNT SUMMARY

Your calling plan
combines a low
monthly rate with
free services to
save you money.

Local Services (03/20 thru 04/19)	\$	39.63
Current Billing	\$	39.63

LOCAL SERVICES

You enjoy unlimited
local calls as part
of your local
plan.

All phone services
are taxed at the
same rate no matter
which regulated
provider you choose.

NUMBER: 573-243- XXXXXX		
SIMPLY SAVINGS	\$	24.90
INTERSTATE SUBSCRIBER LINE CHARGE	\$	9.50
PUBLIC SWITCHED NETWORK RECOVERY CHARGE	\$	1.23
MISSOURI UNIVERSAL SERVICE	\$.06
FEDERAL UNIVERSAL SERVICE REIMBURSEMENT	\$.99
TELECOMMUNICATIONS RELAY SERVICE	\$.13
FEDERAL EXCISE TAX	\$	1.06
STATE AND LOCAL SALES TAX	\$	1.66
TOTAL	\$	39.63

FREE/OPTIONAL SERVICES

Look here for your
FREE and optional
services.

NUMBER: 573-243- XXXXXX		
CALLER ID	\$	FREE
CALL WAITING	\$	FREE
TOTAL	\$.00
TOTAL LOCAL SERVICES	\$	39.63

Credit Card Payments ** Note: Box on front side MUST be marked to ensure processing of information below

___ Establish recurring credit card payment beginning with (Choose One): Current Bill: ___ Next Bill: ___

___ Charge credit card one time only for the following amount: \$ _____

Charge to my: Visa ___ Mastercard ___ Discover ___

Account Number: _____ Name as appearing on Credit Card: _____

Expiration Date: ___ / ___ Billing Address of Credit Card: _____

Authorized Signature: _____

Please call: 1-888-449-4940 for Name changes or Moves.

Billing Address Changes ** Note: Box on front side MUST be marked to ensure processing of information below.

Street _____ Apt./Suite _____ City _____ State _____ Zip _____

Name [REDACTED] Page 3
Account Number [REDACTED] Invoice Number 0029644990 Billing Date March 21, 2006

*** NOTICE ***

The FCC and the Federal Trade Commission have established a National Do-Not-Call Registry where you can register your phone number for free, and it will remain on the national do-not-call list for five years.

To add your telephone number to the National Do-Not-Call Registry via the Internet, go to www.donotcall.gov. To register by phone, consumers may call 1-888-382-1222; for TTY call 1-866-290-4236. You must call from the phone number you wish to register. For more information see the FCC web page at <http://www.fcc.gov/cgb/donotcall/> or reference Federal Do-Not-Call Rules, 47 CFR §64.1200 and 16 CFR Part 310.

*** NOTICE ***

As a protection to our customers, Sage automatically blocks all 900 number calls and all calls from correctional facilities. If you need to receive calls from a correctional facility, Sage recommends that you set up a direct billing account with the phone provider servicing that facility. If you have any questions regarding blocks, please contact a Customer Service Specialists at 888-449-4940.

*** NOTICE ***

Important Check Processing Information - By paying your bill with a personal check, you authorize us to convert your payment into a one-time electronic transfer for the amount of the check. Although the debit transaction will appear on your bank statement, you will not receive a cancelled check. If the transfer cannot be processed for technical reasons, you authorize us to present a copy of your check for payment. Please contact 888-491-8138 if you have any questions regarding this process.

*** NOTICE ***

We are now giving you more ways to pay:

AUTO-PAY Save time and money! Pay your bill automatically each month by establishing a recurring debit or credit card payment. Just complete the form on the back of your bill remittance slip.

By Mail: Pay by enclosing a check or money order, or pay with a debit or credit card by completing the form on the back of your bill remittance slip.

On Line*: Pay your bill online at www.sagetelecom.net (go to -My Sage Account-).

By Phone*: Call Customer Service at 1-888-449-4940 to pay by phone using a check or debit/credit card.

In Person*: Call Customer Service at 1-888-449-4940 for convenient payment locations in your area (includes select Western Union and MoneyGram locations).

*Service Fees may apply.

Name [REDACTED] Page 4
Account Number [REDACTED] Invoice Number 0029644990 Billing Date March 21, 2006

*** NOTICE ***

The monthly charges for the following features will be increased by \$0.75 for Residential and Business customers beginning April 1, 2006: Anonymous Call Rejection, Auto Redial, Call Blocker, Call Forwarding, Call Return, Call Waiting, Call Waiting ID Options, Call Waiting ID, Caller ID, Personalized Ring, Priority Call, Remote Access to Call Forwarding, Selective Call Forward, Speed Calling 8, Three-Way Calling, and Multiline Hunting. The monthly charge for Sage voicemail will increase by \$1.00. The monthly charges for the Home Wire Maintenance Plan and the Business Wire Maintenance Plan will increase by \$0.45. Plans that include these features free in the monthly service package will continue to receive those features at no additional charge.

All Missouri customers will incur a Public Switched Network Recovery Charge of \$1.33 beginning with the April invoice.

The following services will be charged at the new monthly rate listed beginning with the April invoice:

Class of Service	Service	Old Rate	New Rate
Residential	Metropolitan Plan	\$34.00	\$34.90
Residential	Metropolitan CHOICE	\$34.00	\$34.90
Residential	Metropolitan PLUS	\$39.00	\$39.90
Residential	Metropolitan COMPLETE	\$49.00	\$49.90
Residential	Home Choice	\$29.00	\$29.90
Residential	Sage Unlimited	\$49.00	\$49.90
Residential	Sage Unlimited	\$54.00	\$54.90
Business	Metropolitan Plan	\$44.00	\$44.90
Business	Business Choice	\$34.00	\$34.90

Name [REDACTED] Page 5
Account Number [REDACTED] Invoice Number 0029644990 Billing Date March 21, 2006

*** NOTICE ***

Rights and Responsibilities of Missouri Residential Telephone Customer

This information is provided in accordance with the rules of the Missouri Public Service Commission and explains your rights and responsibilities as a residential telephone customer.

Your Telephone Bill

You will receive a telephone bill from us each month. Sage Telecom provides local and long distance service. Sage Telecom does not require a deposit for service. Payment in full is due within 21 days of the date of the bill. If we do not receive your payment within 21 days, your service is subject to suspension or disconnection. When paying by mail, be sure to allow enough time for your payment to reach us by the due date.

Payment Arrangements

Payments must be sent to Sage Telecom. Payment for service may be made by credit card or check. If you are temporarily having difficulty paying your telephone bill, please call Sage Telecom immediately at 1-888-449-4940. By doing this, you may avoid having your phone service suspended or disconnected.

Disconnection or Suspension of Telephone Service

Your telephone service is subject to disconnection or suspension for any of the reasons listed below. If service is disconnected, a new telephone number will be assigned and you will be required to pay installation charges again. If service is suspended, your telephone number is reserved for 30 days and you will be charged reconnect fee.

1. Nonpayment of an undisputed delinquent account. Your service will not be suspended or discontinued for nonpayment of a delinquent charge until Sage Telecom has notified you in writing at least ten days in advance of the suspension or discontinuance. Additionally, Sage Telecom will make reasonable efforts to contact you at least 24 hours in advance prior to suspending or disconnecting your telephone service.
2. Unauthorized use of telephone utility equipment in a manner which creates an unsafe condition or possibility of damage or destruction to such equipment.
3. Refusal after reasonable notice to permit inspection, maintenance, or replacement of telephone utility equipment.
4. Misrepresentation of identity in obtaining telephone utility service.
5. Failure to post a required deposit or guarantee.
6. Failure to comply with terms of a settlement agreement.
7. As provided by state or federal law.

Reconnection of Service

After local telephone service has been suspended or disconnected, Sage Telecom will restore your service when the reason for the suspension or disconnection has been remedied. Before restoring your service, the following will be required:

Payment for all undisputed amounts must be received by Sage Telecom or its authorized Agent.

1. Installation charges must be paid again if your service has been disconnected.
2. A reconnect fee must be paid if your service has been suspended.

Procedures for Handling Inquiries and Complaints

Telephone inquiries may be directed to Sage Telecom at 1-888-449-4940. Written inquiries may be directed to Sage Telecom, Inc., 805 Central Expressway South, #100, Allen, Texas 75013, Attn: Customer Care.

Filing a Complaint with the Missouri Public Service Commission

If Sage Telecom cannot resolve your complaint, you may call the Missouri Public Service Commission, located at 301 West High Street, Room 530, Jefferson City, Missouri 65101, toll free at 800-392-4211 to file an informal complaint.

If your complaint cannot be resolved informally, you may file a formal complaint in writing with the Missouri Public Service Commission at their mailing address: P.O. Box 360, Jefferson City, Missouri 65102.

Also, the Missouri Office of the Public Counsel, representing the public before the Public Service Commission, has an office at 200 Madison Street, Suite 600, P.O. Box 7800, Jefferson City, Missouri 65102. The Public Counsel's telephone number is 1-573-751-4857.

Basic local residential service is available for \$25 plus applicable fees and taxes. Basic local business service is available for \$29 plus applicable fees and taxes.

Name [REDACTED] Page 6
Account Number [REDACTED] Invoice Number 0029644990 Billing Date March 21, 2006

*** NOTICE ***

LATE PAYMENT INFORMATION:
Charges greater than \$50.00 left unpaid after the due date are subject to a late payment charge of \$5.00.

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

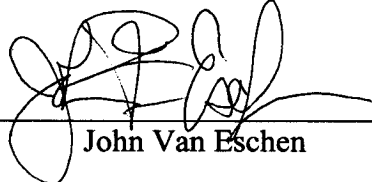
In the matter of the Tariff Filing of Sage)
Telecom, Inc. to Establish a Public Switched)
Network Recovery Charge)

Case No. CT-2006-0370
Tariff No. JC-2006-0716

AFFIDAVIT OF John Van Eschen

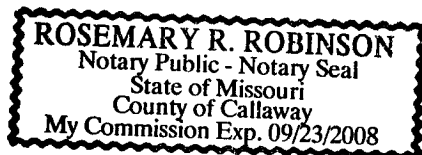
STATE OF MISSOURI)
) ss:
COUNTY OF COLE)

John Van Eschen, employee of the Staff of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that he has participated in the preparation of the accompanying memorandum and that the facts therein are true and correct to the best of his knowledge and belief.



John Van Eschen

Subscribed and affirmed before me this 11th day of April 2006
I am commissioned as a notary public within the County of Cole, State of Missouri
And my commission expires on 9-23-2008





NOTARY PUBLIC