

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

In the Matter of the Application of)
Preferred Long Distance, Inc. for a)
Certificate of Service Authority to)
Provide Basic Local Telecommunications)
Services in Portions of the State of)
Missouri, to Provide Interexchange)
Telecommunications Services Throughout)
The State of Missouri, to Provide)
Exchange Access Service, and to Classify)
Basic Local Telecommunications and)
Applicant as Competitive.)

Case No. _____

**APPLICATION FOR CERTIFICATE OF SERVICE AUTHORITY
TO PROVIDE BASIC LOCAL EXCHANGE AND INTEREXCHANGE
TELECOMMUNICATIONS SERVICE AND FOR COMPETITIVE
CLASSIFICATION**

COMES NOW Preferred Long Distance, Inc (“Applicant”), by its undersigned counsel, and pursuant to Sections 392.361, 392.410, 392.420, and 392.430, 392.450 RSMo 2000, the Federal Telecommunications Act of 1996, 4 CSR 240-3.510 and 4 CSR 240-2.060, hereby applies to the Public Service Commission of Missouri (“Commission”) for a Certificate of Service Authority to provide competitive intrastate interexchange telecommunications services between and among locations within the state of Missouri, basic local exchange telecommunications service in the service territories of AT&T Missouri, Embarq Missouri, and CenturyTel, and switched exchange access services. Applicant further applies to be classified as a competitive telecommunications carrier, subject to the waiver or suspension of certain Commission rules and statutory obligations, requested herein, pursuant to Sections 392.420 and 392.440. In support of its request, Applicant provides the following information:

A. Identification of Applicant; Proper Secretary of State Authorization

1. Applicant, Preferred Long Distance, Inc. is a corporation duly organized and existing under and by virtue of the laws of the State of California on May 10, 1995.

Applicant's business address and telephone number are:

Preferred Long Distance, Inc.
16830 Ventura Boulevard, Suite 350
Encino, California 91436
Telephone: 818.380.9090
Facsimile: 818.380.9099

Evidence of Applicant's articles of incorporation is attached hereto as **Exhibit A**. A copy of Applicant's Certificate of Authority to Transact Business in Missouri pursuant to 4 CSR 240-2.060 is attached hereto as **Exhibit B** and incorporated herein by reference.

2. Applicant's agent for Service of Process in the state of Missouri is:

National Registered Agents, Inc.
300-B East High Street
Jefferson City, Missouri 65101

B. Communications Regarding this Proceeding.

3. All inquiries, correspondence, communications, pleadings, notices, orders, and decisions relating to the case should be addressed to:

Mark P. Johnson
Sonnenschein Nath & Rosenthal LLP
4520 Main Street, Suite 1100
Kansas City, MO 64111
Telephone: 816.460.2424
mjohnson@sonnenschein.com

To:

Keith Nussbaum
Preferred Long Distance, Inc.
16830 Ventura Boulevard, Suite 350
Encino, California 91436
Telephone: 818.380.9090

And to:

Andrew O. Isar
Miller Isar, Inc.
7901 Skansie Avenue, Suite 240
Gig Harbor, WA 98335
Telephone: 253.851.6700

C. Description of Applicant and Proposed Services to be Offered in Missouri. 4 CSR 240-3.510(1)(A); Geographic Area, 4 CSR 240-3.510(1)(B)

4. Applicant proposes to provide basic local exchange telecommunications services on a facilities and resold basis, throughout all exchanges currently served by the incumbent local exchange companies of Southwestern Bell Telephone, L.P. d/b/a AT&T Missouri, Embarq Missouri, Inc d/b/a Embarq, and CenturyTel of Missouri, LLC d/b/a CenturyTel, and Spectra Communications Group, LLC d/b/a CenturyTel. Further, Applicant proposes to provide interexchange telecommunications services on a resold basis throughout the State of Missouri. The specific Southwestern Bell Telephone, L.P. d/b/a AT&T Missouri, Embarq Missouri, Inc d/b/a Embarq, and CenturyTel of Missouri, LLC d/b/a CenturyTel, and Spectra Communications Group, LLC d/b/a CenturyTel exchanges within which Applicant proposes to offer services are listed in the incumbent providers' respective local exchange tariffs. Applicant may seek expanded authority to provide basic local exchange services in other areas of the state through a subsequent proceeding.

D. Applicant's Proposed Service Offerings

5. Applicant proposes to provide competitive basic local exchange and interexchange telecommunications services, to commercial and residential retail subscribers, and switched exchange access exchange services to interconnecting carriers. Applicant's facilities-based services will be provided through leased underlying local exchange carrier network facilities.¹ Applicant's services will be available to subscribers

¹ Unbundled network elements.

twenty-four hours per day, seven days per week, at rates, terms and conditions established by Applicant and reflected in Applicant's retail tariff. Applicant does not propose to provide operator-assisted calling services to the transient public. Services will be offered and provided in accordance with applicable Missouri laws and Commission rules and regulations.

6. Applicant's tariff, containing the terms, and conditions, applicable to its customers, a description of the services offered, and a list of rates associated with such services, is being filed contemporaneously with this application in accordance with Commission regulations.

E. Statement of Technical Managerial Resources and Abilities, 392.455 RSMo

7. Applicant possesses the technical and managerial expertise necessary to provide the proposed services. Description of backgrounds of Applicant's senior management team, which demonstrate Applicant's extensive management experience and expertise are attached hereto at **Exhibit C**. Applicant's management team has successfully and profitably managed Applicant's telecommunications operations for more than ten years.

F. Statement of Financial Viability, 392.455 RSMo (20)

8. Applicant has the financial viability to provide interexchange telecommunications services in the State of Missouri. Applicant is fully funded and requires no external funding. Applicant does not plan to construct facilities, and will, therefore, require no additional capitalization nor resource expenditure to expand its operations in Missouri. Applicant's most recent income statement and balance sheet for a period of 12 months is attached hereto at confidential **Exhibit D**. Applicant's financial statements reflect a debt to capital ratio of well under 62%, pre-tax interest coverage of greater than 2.3x, and a cash balance of more than four months' operating expenses, as

set forth in 4 CSR 240-3.510. As the attached financial statements contain confidential and sensitive information, Applicant requests that they be filed under seal.

G. Request for Competitive Telecommunications Company and Service Classification. 4 CSR 240-2.060 (6) (A)

9. Applicant requests classification as a competitive telecommunications company operating within the state of Missouri. Applicant further requests classification of its services described in Sections C and D, *supra*, and in its proposed tariff, as competitive services, as each of these services is subject to substantial competition in the areas in which Applicant proposes to provide service.

H. Separate and Distinct Services, 392.455 RSMo; Equitable Access, 392.455 RSMo

10. Applicant will offer basic local telecommunications service as a separate and distinct service in accordance with applicable law. Applicant will give due consideration to equitable access for all Missourians, regardless of where they may reside or their income, to affordable telecommunications services in Applicant's proposed services areas, in accordance to Applicable law.

I. Willingness to Comply with PSC Regulations, 392.455 RSMo.; Request for Waiver and Exemption

11. Applicant is willing and intends to comply with all applicable Commission rules and is willing to meet all relevant service standards, including, but not limited to billing, quality of service, and tariff filing and maintenance in a manner consistent with the Commission's requirements for incumbent local exchange carrier(s) and interexchange carriers with whom Applicant seeks authority to compete. Additionally, Applicant agrees that, pursuant to Section 392.455(3) and (4) RSMo 2000, its service area shall be no smaller than an exchange. Consistent with the Commission's treatment of other certificated competitive local exchange telecommunications companies,

Applicant requests waiver of the following statutes and regulations for Applicant and its basic local exchange and interexchange services offerings:

Missouri Public Service Commission Rules

- 4 CSR 240-10.020 - Depreciation and income
- 4 CSR 240-30.040 - Uniform system of accounts
- 4 CSR 240-3.550(5)(C) - Telecommunications Company
Records and Reports

Missouri Statutes Laws (RSMo)

- Section 392.210.2 - Establish uniform system of accounts
for annual reports
- Section 392.240.1 - Rates – reasonable average return on
investment
- Section 392.270 - Property valuation
- Section 392.280 - Depreciation rates
- Section 392.290 - Issuance of securities
- Section 392.300.2 - Acquisition of stock
- Section 392.310 - Issuance of stocks and debt
- Section 392.320 - Stock dividend payment
- Section 392.330 - Issuance of securities, debt, and
notes
- Section 392.340 - Reorganization(s)

The above-referenced rules and statutory provisions have been waived by the Commission for other competitive interexchange carriers in prior cases. The rules and statutory provisions for which Applicant seeks waiver or exemption are principally applicable to non-competitive telecommunications carriers. It would be inconsistent with the goal and purpose of Section 392.530 RSMo to apply such rules or statutory provisions to a competitive telecommunications carrier such as Applicant.

J. Tariff Submission Statement, 4 CSR 240-3.510(1)(C)

12. Applicant is filing said retail and exchange access tariffs with the Commission contemporaneously with the instant Application. Applicant’s tariffs bear an

effective date no less than 45 days from the issued date, in a manner consistent with the Commission's practice in similar cases.

K. Public Interest Statement Pursuant to 392.430 RSMo

13. Applicant submits that the public interest will be served by Commission approval of the instant application because the proposed services will create and enhance competition and expand customer service options consistent with the legislative goals set forth in the Federal Telecommunications Act of 1996, and Chapter 392, RSMo 2000. Prompt approval of Applicant's application will further expand the availability of innovative, high quality, and reliable telecommunications services within the State of Missouri.

L. Switched Exchange Access Rate Statement

14. Applicant submits, notwithstanding the provisions of Section 392.500 RSMo, as a condition for certification and competitive classification, and agrees that, unless otherwise ordered by the Commission, Applicant's originating and terminating switched exchange access rates will be no greater than the lowest Commission-approved corresponding rates in effect for each incumbent local exchange carrier within those service areas in which Applicant seeks authority to provide service. Additionally, pursuant to the Commission's *Report and Order* in Case no TO-99-596, Applicant agrees that if the incumbent local exchange carrier in whose service area Applicant is operating decreases its originating and/or terminating access rates, Applicant shall file an appropriate tariff amendment to reduce its originating and/or terminating access rates within thirty (30) days of the incumbent local exchange carrier's reduction of its originating and/or terminating access rates in order to maintain the cap on switched exchange access rates.

M. Pending Action or Unsatisfied Judgments Statement. 4 CSR 240-2.060 (1) (K)

15. Applicant has no pending actions or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment, or decision has occurred within three (3) years of the date of this application.

N. Annual Report or Assessment Statement. 4 CSR 240-2.060 (1) (L)

16. Applicant has never operated in Missouri. Applicant has no annual reports or regulatory assessment fees that are overdue in Missouri, accordingly.

O. Interconnection Agreements.

17. Applicant is currently negotiating with AT&T Missouri for interconnection agreement. The resulting agreement will be filed with the Commission for final approval, immediately following adoption by both parties.

WHEREFORE, Applicant, Preferred Long Distance, Inc. respectfully requests the Missouri Public Service Commission grant it a Certificate of Service Authority to provide competitive intrastate exchange access, basic local telecommunications, and interexchange telecommunications services within the state of Missouri; an order classifying it as a competitive telecommunications company providing competitive services; and a waiver of the above-referenced rules and statutory provisions as they relate to the regulation of the Applicant in the state of Missouri; and for such further orders as the Commission deems appropriate.

[Signature on following page.]

Respectfully submitted,

By: /s/ Mark P. Johnson

Mark P. Johnson Mo. Bar 30740
Sonnenschein Nath & Rosenthal LLP
4520 Main Street, Suite 1100
Kansas City, MO 64111
Telephone: 816.460.2424
Facsimile: 816.531-7545
mjohnson@sonnenschein.com

Attorneys for Applicant

Andrew O. Isar
Miller Isar, Inc.
7901 Skansie Avenue, Suite 240
Gig Harbor, WA 98335
Telephone: 253.851.6700

Applicant's Regulatory Consultants

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing Application has been mailed, First Class mail, postage prepaid, this 20th day of February, 2008, to:

Office of the Public Counsel
P.O. Box 2230
200 Madison, Suite 650
Jefferson City MO 65102

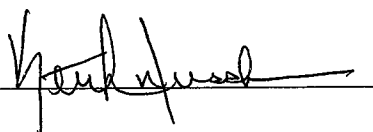
/s/ Mark P. Johnson
Mark P. Johnson

VERIFICATION OF APPLICANT

COMMONWEALTH OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Keith Nussbaum, first being duly sworn upon oath, depose and say I am Executive Vice President of Preferred Long Distance, Inc., that I have read the above and foregoing application by me subscribed and know the contents thereof; that said contents are true in substance and in fact, except to those matters stated upon information and belief, and as to those, I believe the same to be true.

Preferred Long Distance, Inc.

By: 

Keith Nussbaum
Executive Vice President
16830 Ventura Boulevard
Suite 350
Encino, California 91436
Telephone: 818.380.9090

Subscribed and sworn to before me this 11 day of February, 2008.

Anne Shehara De Silva

Notary Public in and for the State of California,

residing at: Cal national Bank

16830 Ventura Blvd

Encino, CA 91436



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LIST OF EXHIBITS

- | | |
|-----------|---|
| EXHIBIT A | Articles of Incorporation |
| EXHIBIT B | Certificate of Authority to Transact Business |
| EXHIBIT C | Technical Managerial Resources and Abilities |
| EXHIBIT D | Confidential Financial Statements |