

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

In the Matter of the Application of AT&T)
Communications of the Southwest, Inc., d/b/a)
SmarTalk, for a Certificate of Authority to)
Provide Competitive Intrastate Interexchange)
Telecommunications Service within the State)
of Missouri and for Competitive Classification.)

Case No. TA-2007-0135
Tariff File No. YX-2007-0222

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its recommendation respectfully states:

1. In the attached Memorandum, labeled Appendix A, Staff recommends that the Missouri Public Service Commission (Commission) grant AT&T Communications of the Southwest, Inc. d/b/a SmarTalk (Applicant) a certificate of service authority to provide interexchange telecommunications services. The Commission shall grant an application for a certificate of telecommunications service authority upon a finding that the grant of authority is in the public interest. Sections 392.430 and 392.440 RSMo (2000).

2. Staff recommends that the Commission classify Applicant and its services as competitive. The Commission may classify a telecommunications provider or its services as competitive if the Commission determines it is “subject to sufficient competition to justify a lesser degree of regulation.” Section 392.361.2 RSMo (2000). All services provided by a competitive company must be classified as competitive. Section 362.361.3 RSMo (2000).

3. Staff recommends that the Commission approve the waivers listed in the Notice of Applications. The Commission may waive the application of its rules and certain statutes if

the Commission determines that waiver is consistent with the purposes of Chapter 392. Sections 392.185, 392.361.5 and 392.420.

4. Staff has no objection to Applicant's proposed tariff taking effect on October 31, 2006.

WHEREFORE, Staff recommends that the Commission grant AT&T Communications of the Southwest, Inc. d/b/a/ SmarTalk a certificate of service authority to provide interexchange telecommunications services and to classify Applicant and its services as competitive. Staff recommends that the Commission grant the waivers listed in the Notice of Application. Staff recommends that the Commission approve Applicant's tariff effective October 31, 2006 or at its earliest convenience.

Respectfully submitted,

/s/ Jennifer Heintz

Jennifer Heintz
Assistant General Counsel
Missouri Bar No. 57128

Attorney for the Staff of the
Missouri Public Service Commission
PO Box 360
Jefferson City, MO 65102
(573) 751-8701 (Telephone)
(573) 751-9285 (Fax)
jennifer.heintz@psc.mo.gov

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 26th day of October 2006.

/s/ Jennifer Heintz

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Case No: TA-2007-0135 File No: YX-2007-0222
Applicant: AT&T Communications of the Southwest, Inc., d/b/a
SmarTalk

From: Sherri Kohly
Telecommunications Department

William L. Voight 10/25/06 William K. Haas 10/25/06
Utility Operations Division/Date General Counsel's Office/Date

Subject: Staff Recommendation for Approval of Certificate and/or Initial Tariff

Date: October 25, 2006 Filing Deadline: November 1, 2006

The Telecommunications Department Staff (Staff) recommends the applicant be granted the following certificate(s), as indicated below, to be effective on the same date the tariff becomes effective:

- certificate to provide basic local exchange telecommunications services in the following service areas.
 - All of AT&T Missouri
 - All of Embarq
 - All of CenturyTel
 - All of Spectra
 - Other _____ (please describe)

- certificate to provide interexchange telecommunications services.
- certificate to provide local exchange telecommunications services.*

*local exchange authority should be restricted to dedicated, private line services.

Staff recommends the applicant and its services receive competitive classification. Staff further recommends a Commission order granting certification state that pursuant to Section 392.410 RSMo, unless exercised within a period of one year from the issuance thereof, authority conferred by a certificate of service authority shall be null and void. In addition, Staff recommends approval of the waivers listed in the Notice.

Granting a certificate to provide basic local exchange telecommunications services should be based on the following conditions:

1. The applicant's originating and terminating access rates will be no greater than the lowest Commission approved corresponding access rates in effect for each ILEC within whose service area the applicant seeks authority to provide service, unless authorized by the Commission pursuant to Sections 392.220 and 392.230 RSMo.

2. The certificate and service classification for switched access service is conditioned on the continued applicability of Section 392.200 RSMo, and the requirement that any increases in switched access services rates above the maximum switched access service rates set forth herein shall be made pursuant to Sections 392.220 and 392.230 RSMo, and not Sections 392.500 and 392.510 RSMo.
3. If the directly competing ILEC, in whose service area the applicant is operating, decreases its originating and/or terminating access service rates, the applicant shall file an appropriate tariff amendment to reduce its originating and/or terminating access rates in the directly competing ILEC's service area within 30 days of the directly competing ILEC's reduction of its originating and/or terminating access rates in order to maintain the cap.

No objection to P.S.C. Mo. No. 1 taking effect November 13, 2006

The Staff states that the tariff meets the requirements of all applicable statutes, specifically, one or more of the following: Sections 392.200(8), (12); 392.455(3), (4); 392.515(1) and 392.500(2) RSMo. In addition, the tariff filing does not conflict with the following Commission rules: 4 CSR 240-3.545 (4), (6), (7), (8 C,G,H), (9), (15), (16), (19); 4 CSR 240-31.065(1), (2), (3); 4 CSR 240-32.150(5), 32.160(1), (2), 32.190; 4 CSR 240-33.040(4), 33.045(2), 33.050(4) and 33.070(2).

Tariff was not submitted with application. Pursuant to 4 CSR 240-3.510(1)(C), the applicant cannot lawfully provide service until tariffs are effective.

Additional Comments:

The Applicant filed a Motion for Expedited Treatment requesting approval of the certification request and proposed tariff to become effective October 31, 2006. Staff has no objections to the request and recommends Commission approval at its earliest convenience.

The Company is not delinquent in filing an annual report and paying the PSC assessment.

The Company is delinquent. Staff recommends the Commission grant the requested relief/action on the condition the applicant corrects the delinquency. The applicant should be instructed to make the appropriate filing in this case after it has corrected the delinquency.

(No annual report Unpaid PSC assessment. Amount owed:)

Review Items for IXC, Non-switched Local and CLEC Certificate Applications (as required by 4 CSR 240-2.060):

- Proper Secretary of State authorization
- Statement of character of business performed.
- Statement declaring no pending action or final unsatisfied judgments
- Statement declaring no overdue annual reports/assessment fees
- Application includes an affidavit.

- The applicant is requesting waivers of rules or statutes previously granted to a competitively classified company

(as required by 392.430/.440):

- Application shows that grant of authority is in the public interest.

Additional Review Items for CLEC Applications (as required by 392.455 and/or 4 CSR 240-3.510):

- Possesses sufficient technical, financial and managerial resources and abilities.
- Statement that the applicant will satisfy the minimum standards established by the commission.
- Identifies geographic area (no smaller than an exchange).
- Statement that applicant will offer basic local service as a separate and distinct service.
- Statement that applicant will give equitable access to all Missourians.

Tariff Review Items (applicable for all competitively classified companies):

- The tariff meets Staff's review for compliance with rules for competitive company tariff filings.

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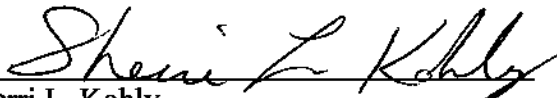
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Authority to Provide Competitive Intrastate
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Case No. **TA-2007-0135**

AFFIDAVIT OF SHERRI L. KOHLY

STATE OF MISSOURI)
) ss:
COUNTY OF COLE)

Sherri L. Kohly, employee of the Staff of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that she has participated in the preparation of the accompanying Memorandum, and that the facts therein are true and correct to the best of her knowledge and belief.



Sherri L. Kohly



SUSAN L. SUNDERMEYER
My Commission Expires
September 21, 2010
Callaway County
Commission #06942086

Subscribed and affirmed before me this 25th day of October 2006
I am commissioned as a notary public within the County of Callaway,
State of Missouri and my commission expires on 9-21-10



NOTARY PUBLIC