

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Applewood)
Communications Corporation for a Certificate of)
Authority to Provide Intrastate Interexchange)
Telecommunications Services Within the State of)
Missouri and for Competitive Classification) **Case No. TA-2009-0170**
Tariff File No. YX-2009-0332

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through counsel, and for its *Staff Recommendation* in Case No. TA-2009-0170 and the related Tariff File No. YX-2009-0332 states as follows:

1. On November 5, 2008, Applewood Communications Corporation (Applewood or the Company) filed an *Application* with the Missouri Public Service Commission (the Commission) requesting that the Commission grant to Applewood a certificate of service authority to provide intrastate interexchange telecommunications services, classify the Company as competitive, grant the requested waivers, and approve the Company's initial proposed interexchange tariff by the December 20, 2008 effective date.
2. On November 12, 2008, the Commission published notice of the *Application* and set an intervention deadline of November 27, 2008.
3. On December 2, 2008, the Company filed substitute tariff sheets, and on December 4, 2008 requested the Commission extend the effective date of those tariffs until January 3, 2009.

4. In its *Order Directing Filing of Staff Recommendation*, issued December 9, 2008, the Commission ordered Staff to file a recommendation regarding Applewood's *Application* no later than December 22, 2008.

5. 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. §§ 392.430 and 392.440 RSMo (2000).

6. In the attached Memorandum, labeled Appendix A, Staff recommends that because that the *Application* demonstrates that the grant of authority is in the public interest that the Commission grant to Applewood Communications Corporation a certificate to provide intrastate, interexchange telecommunications services.

7. Staff also recommends that the Commission classify Applewood and the services it proposes to offer in its *Application* 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. § 392.361.4 RSMo (2000). The majority of services a competitive company provides must be classified as competitive under § 392.361.3 RSMo (2000), as amended by HB 1779 (effective August 28, 2008).

8. Staff further recommends that the Commission grant the waivers listed in the Applewood's *Application*. 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. §§ 392.185, 392.361.5 and 392.420 RSMo (2000).

9. Staff has no objection to Applewood's submitted tariff becoming effective on the proposed effective date of January 3, 2009.

10. The Company is not delinquent in the filing of its annual report, the payment of its PSC assessment, or the remittance of either the MoUSF or Relay Missouri surcharges.

WHEREFORE, Staff recommends that the Commission issue an Order granting Applewood Communications Corporation a certificate of service authority to provide intrastate, interexchange telecommunications services; granting the Company the requested competitive classification and requested waivers listed in Applewood's *Application*; approving Applewood's proposed interexchange tariff; and indicating that unless exercised within one year from its issuance that authority conferred by a certificate of service authority shall be null and void.

Respectfully submitted,

/s/ Eric Dearmont

Eric Dearmont
Assistant General Counsel
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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 19th day of December, 2008.

/s/ Eric Dearmont

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Case No: TA-2009-0170 File No: YX-2009-0332
Applicant: Applewood Communications Corporation

From: Sara Buyak
Telecommunications Department

William Voight 12-17-08
Utility Operations Division/Date

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

Date: December 17, 2008
Filing Deadline: December 22, 2008

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 Embark
- 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 two conditions:

1. The applicant's originating and terminating access rates shall not exceed the access rates of the incumbent local exchange company against whom the applicant is competing pursuant to Sections 392.361.6 and 392.370 RSMo.
2. 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 tariff taking effect Mo PSC No 1 (Insert MO PSC number.)
Effective Date: January 3, 2008.
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 Company is not delinquent in filing an annual report, paying the PSC assessment, MoUSF, and Relay Missouri.

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:
 Unpaid MoUSF Unpaid Relay Missouri)

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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Case No. TA-2009-0170

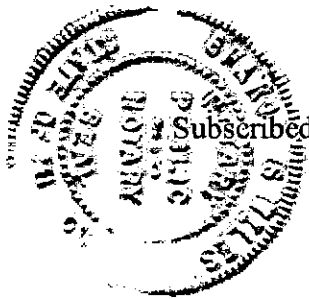
AFFIDAVIT OF Sara Buyak

STATE OF MISSOURI)
) ss:
COUNTY OF COLE)

Sara Buyak, employee of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that she has participated in preparing the accompanying staff recommendation, and that the facts therein are true and correct to the best of her knowledge and belief.



SARA BUYAK



Subscribed and affirmed before me this 17th day of December 2008



NOTARY PUBLIC

SHARON S. WILES
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: October 23, 2010
Commission Number: 06429091