

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

In the Matter of the Application of)
Crexendo Business Solutions, Inc. for a)
Certificate of Service Authority to Provide)
Resold and Facilities-Based/UNE) **File No. CA-2011-0011**
Basic Local Telecommunications Services in)
Portions of the State of Missouri and to Classify)
Said Services and the Company as Competitive)

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and for its recommendation, states as follows:

1. On July 9, 2010, Crexendo Business Solutions, Inc. (“the Company”) applied for certificate of service authority to provide basic local telecommunications service and for competitive classification.

2. The Company submitted an affidavit that attests that the Company possesses sufficient financial resources to provide basic local exchange telecommunications services in Missouri, has not defaulted on any financial obligations in the past three years and has access to sufficient financial resources. Based on that submission, the Staff believes that the Company possesses sufficient financial resources. The Company submitted sufficient information for the Staff to conclude that the Company possesses sufficient technical and managerial resources and abilities.

3. In the attached Memorandum, labeled Appendix A, the Staff recommends that the Commission grant the Company’s request for basic local telecommunications authority. 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.

4. Staff also recommends that the Commission classify the Company's 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 and that such lesser regulation is consistent with the protection of ratepayers and promotes public interest. §392.361.4. RSMo Supp. 2009. A majority of the services a competitive company provides must be classified as competitive. §392.361.3. RSMo Supp. 2009.

5. The Staff further recommends that the Commission state in its order that, pursuant to Section 392.410, the authority conferred by the certificate of service authority shall be null and void unless it is exercised within one year of its issuance.

6. The Applicant is not delinquent in filing an annual report, paying the PSC assessment, MoUSF, and Relay Missouri.

7. The Staff recommends that the application be granted with the following conditions:

a. 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.

b. 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.

WHEREFORE, Staff recommends that the Commission grant Crexendo Business Solutions, Inc.'s Application for basic local telecommunications authority and to classify the company and its services in those exchanges as competitive.

Respectfully submitted,



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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 2nd day of September, 2010.



M E M O R A N D U M

To: Missouri Public Service Commission Official Case File
Case No: CA-2011-0011 File No: NA
Applicant: Crexendo Business Solutions, Inc.

From: Lisa Mahaney
Telecommunications Department
William Voight 9/1/10
Utility Operations Division/Date

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

Date: 9/1/10
Filing Deadline: 9/3/10

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 CenturyLink
- All of Spectra
- Statewide
- 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
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); 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):

- Possesses sufficient technical and managerial resources and abilities.
- Applicant has provided an affidavit attesting that the company possesses sufficient financial resources.
- 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 give equitable access to all Missouriians.

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

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

