

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of)
Network US, Inc., d/b/a CA Affinity)
for Approval of Transfer of Assets)
from ConnectAmerica, Inc., and)
for Waiver)

**APPLICATION FOR APPROVAL OF TRANSFER OF ASSETS
AND FOR WAIVER**

Network US, Inc. d/b/a CA Affinity (“NUS” or “Applicant”), by and through counsel, pursuant to Sections 392.290 and 392.300 RSMo., and 4 CSR 240-2.060, requests Commission approval of a transfer of assets from Connect America, Inc., (“Connect”) to NUS pursuant to a Certificate of Foreclosure Sale (“Sale”) and for waiver of the subscriber authorization and verification requirements for the change of customers’ interexchange carrier in 4 CSR 240-33.150. Pursuant to the Sale, NUS acquired all of the telecommunications assets of Connect, including but not limited to Connect’s Missouri customer base, pursuant to a Uniform Commercial Code Foreclosure Sale under Chapter 810 Illinois Compiled Statutes Section 9-610 (the “Acquisition”).

Prior to consummation of the Acquisition on July 8, 2004 (the “Closing”), Connect had been suffering financial difficulties, and its customers were on the brink of experiencing disconnection of their telecommunications service. As a result, NUS acquired the assets of Connect in order to ensure uninterrupted service to Connect’s customers. Customers did not experience any change in rates or services as a result of the transfer.

Due to the exigent circumstances which existed at the time of the Closing, NUS acquired Connect's customer base even though it did not, at that time, have authority from this Commission for the transfer. The customers of Connect were provided with written notification of the transfer and have been given the opportunity to switch their service from Connect to a different carrier.

Commission approval of the transfer of assets will be beneficial to the involved companies as well as Connect's former customers. Approval will not in any way be detrimental to the public interest. On the contrary, the customers of Connect (who were on the verge of having their service disconnected due to Connect's precarious financial situation) have nonetheless continued to receive high quality interexchange service.

In support of this Application, NUS states as follows:

I. THE PARTIES

1. NUS is a privately held Illinois corporation with principal offices located at 180 N. LaSalle Street, Suite 1820, Chicago, Illinois, 60601. NUS is a certified long distance telecommunications provider in this State and provides long distance telecommunications services pursuant to authority granted in Case No. TA-2002-188. Documentation from the Missouri Secretary of State was filed Case. No. TA-2002-188, and is incorporated herein by reference pursuant to 4 CSR 240-2.060(1)(G). NUS states that it does not have any outstanding Annual Reports or assessment fees owed to the Missouri Public Service Commission and it does not have any pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or customer rates, which action, judgment, or

decision has occurred within three years of the date of this application. NUS' officer's verification was not available at the time of this filing. It will be late-filed pursuant to 4 CSR 240-2.060(2).

2. Connect is a privately held Delaware corporation with principal offices located at 1842 Centre Point Circle, Naperville, Illinois 60563. Connect holds an interexchange certificate of service authority in this State, but to the best of NUS' knowledge, no longer provides service to any telecommunications customers in Missouri.³

II. DESIGNATED CONTACTS

3. Copies of all Orders, Notices, and pleadings should be served on:

Mary Ann (Garr) Young
WILLIAM D. STEINMEIER, P.C.
2031 Tower Drive
P.O. Box 104595
Jefferson City MO 65110-4595
Phone: (573) 634-8109
Fax: (573) 634-8224
Email: myoung0654@aol.com

With a copy of such correspondence also sent to:

EllenAnn G. Sands
Nowalsky, Bronston & Gothard
A Professional Limited Liability Company
3500 North Causeway Blvd, Suite 1442
Metairie, Louisiana 70002
Telephone: (504) 832-1984
Telefax: (504) 831-0892
Email: esands@nbglaw.com

³ Connect did provide long distance telecommunications services in this State pursuant to authority granted in Case No. TA-98-67 dated 10/8/97. There is a case pending before the Commission in which Staff is seeking cancellation of that certificate (Case No. TD-2003-0582).

Ms. Young should be contacted with any questions regarding this application.

III. REQUEST FOR APPROVAL OF ACQUISITION AND WAIVER

4. NUS acquired all Missouri assets of Connect, including its customer base when the Foreclosure Sale occurred. The customers of Connect have been given the opportunity to switch their service from Connect to a different carrier. A copy of the customer notice which was sent to Connect's customers as a bill insert with either their May or June billing is attached as Exhibit A.

5. NUS submits that the Acquisition is in the public interest because the Missouri customers of Connect were provided uninterrupted access to interexchange telecommunications services when Connect experienced financial difficulties that would have otherwise resulted in disruption of service. In addition, Connect customers are receiving the same services at the same rates from NUS.

6. The Application was filed as soon as possible after the failure to file was brought to the attention of necessary regulatory personnel and counsel. NUS regrets the delay in submitting the transaction for approval of the Commission and understands that the Commission has a policy of considering such late-filed applications for prospective approval of the transaction only. Thus, NUS does not seek retroactive approval of the transfer.

7. NUS seeks waiver of 4 CSR 240-33.150, which contains subscriber authorization and verification requirements for the change of customers' interexchange carrier. This waiver is appropriate and in the public interest because this is not the type of transfer to which the "anti-slamming" rule was intended to apply. In addition,

Applicant submits that the notice provided to customers reasonably and adequately advised customers of both the change in their telecommunications services provider and their opportunity to choose another provider.

IV. PUBLIC INTEREST CONSIDERATIONS

8. Critical to the Acquisition is the need to ensure the continuation of high quality, uninterrupted service to all customers previously served by Connect. The Acquisition serves the public interest in that it ensures that Connect's former Missouri interexchange customers maintain uninterrupted service, notwithstanding Connect's financial difficulties.

9. The Acquisition also serves to create a heightened level of operating efficiency which generally will serve to enhance the overall capacity of NUS to compete in the marketplace and to provide telecommunications services for a greater number of consumers in this state at competitive rates.

10. The transfer had no impact on the tax revenues of any political subdivision in the state of Missouri.

V. NO TRANSFER OF CERTIFICATES

11. Applicant does not request transfer of Connect's Certificate of Service Authority to NUS. NUS understands a separate case (TD-2003-0582) is pending which addresses the cancellation of Connect's operating authority.

VI. CONCLUSION

WHEREFORE, for the reasons stated herein, Applicant respectfully requests that the Commission approve the transfer of customers from Connect to NUS, and

understands that, based on prior Commission precedent, such approval will only be applied on a prospective basis. NUS also seeks waiver of 4 CSR 240-33.150.

DATED this 15th day of October 2004.

Respectfully submitted,

/s/Mary Ann Young

Mary Ann (Garr) Young Mo. Bar #27951

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COUNSEL FOR NETWORK US, INC.

D/B/A CA AFFINITY

Certificate of Service

I hereby certify that a copy of this document has been served electronically on the Office of the General Counsel of the Missouri Public Service Commission and the Office of Public Counsel, on this 15th day of October, 2004.

/s/Mary Ann Young

Mary Ann (Garr) Young

EXHIBIT A

Customer Notice Letter

SAMPLE

Network US, Inc. d/b/a CA Affinity

ConnectAmerica, Inc.

(Customer Name)
(Address)

Dear Customer:

Network US, Inc. d/b/a CA Affinity ("Network") and ConnectAmerica, Inc. ("Connect") have effected a transaction pursuant to Chapter 810 Illinois Compiled Statutes Section 9-610, whereby the telecommunications assets of Connect will be acquired by Network, and Network will become your telecommunication service provider. Network anticipates becoming your telecommunications provider on July 8, 2004 or shortly thereafter.

This change in ownership will not affect or in any way disrupt your current service. **The rates and terms and conditions of the services offered by Network will be the same as those offered by Connect.** A copy of Network's terms and conditions for long distance services is attached hereto along with your billed rate plan. No charges or fees will be imposed and no rate increase will occur as a result of this transaction. Network will inform you, by bill insert, of any post-transaction changes which may occur.

You have a choice of carriers. If you do not wish to remain a customer, you may change carriers and such change will be at Network's expense. Network will make every effort to resolve outstanding Connect customer complaints. The toll free Customer Service number will remain the same and if you have any questions, please call one of our Customer Service Representatives at 1-800-[].

All customers receiving this notice, including those who have arranged preferred carrier freezes through their local service providers, will be transferred to Network.

We at Network US, Inc. are pleased to welcome you to our team and would like to express our appreciation for allowing us the opportunity of being your telecommunication service provider. We are confident that you will be pleased with the high quality of our service.

VERIFICATION

To be late-filed per 4 CSR 240-2.060(2).