

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of NPG Digital)
Phone, Inc., for a Certificate of Service Authority to)
Provide Basic Local, Local and Interexchange)
Voice Service in Portions of the State of Missouri)
and to Classify Said Services and the Company as)
Competitive)

Case No. CA-2007-0149

ORDER GRANTING CERTIFICATES TO PROVIDE
BASIC LOCAL, NONSWITCHED LOCAL, AND INTEREXCHANGE
TELECOMMUNICATIONS SERVICES

Issue Date: November 28, 2006

Effective Date: December 8, 2006

This order grants certificates of service authority to provide basic local, nonswitched local, and interexchange telecommunications services in the state of Missouri, classifies those services and the company as competitive, and waives certain statutes and regulations.

On October 10, 2006, NPG Digital Phone, Inc., applied for certificates of service authority to provide basic and nonswitched local exchange, as well as interexchange telecommunications services within the state of Missouri, and for competitive classification. The company seeks certification to provide interexchange service throughout the state and basic local service in portions of Missouri that are currently being served by AT&T Missouri, Embarrq, CenturyTel of Missouri, LLC, and Spectra Communications Group, LLC, d/b/a CenturyTel. NPG Digital Phone is authorized to do business in Missouri by the Missouri Secretary of State.

On October 17, the Commission issued its Notice of Applications, establishing a 15-day deadline for intervention. No applications to intervene were received. On November 20, the Staff of the Commission recommended that the requested certificates, classifications and waivers be granted.

The Commission may grant an application for a certificate of service authority to provide telecommunications service upon a showing that the applicant has met the statutory requirements,¹ and that the grant of authority is in the public interest.² Based on the verified application and Staff's uncontested recommendation, the Commission finds that NPG Digital Phone satisfies the requirements for certification and that granting such certificates is in the public interest.

NPG Digital Phone also requests that it and its services be classified as competitive and that the application of certain statutes and regulatory rules be waived. The Commission may classify a telecommunications service as competitive if the Commission determines that the applicant is subject to a sufficient degree of competition to justify a lesser degree of regulation.³ The Commission may only classify a telecommunications carrier as competitive if all of its services are so classified.⁴ The Commission may waive the application of certain statutes and of its rules to a competitive carrier if it determines that such waiver is consistent with the purposes of Chapter 392.⁵

¹ See Sections 392.450, 392.451 and 392.455, RSMo 2000. All statutory references, unless otherwise specified, are to the Revised Statutes of Missouri (RSMo), revision of 2000.

² Sections 392.430 and 392.440.

³ Section 392.361.2.

⁴ Section 392.361.3.

⁵ See Sections 392.185, 392.361.3 and 392.420.

The Commission finds that the intrastate interexchange market is competitive and that the interexchange services NPG Digital Phone will offer are subject to competition. In addition, NPG Digital Phone will compete with incumbent local exchange carriers, as well as other competitive local exchange carriers in the exchanges in which it provides basic local telecommunications service. The Commission finds that NPG Digital Phone will be subject to a sufficient level of competition to justify a lesser degree of regulation. Furthermore, all of the services NPG Digital Phone will offer are qualified for classification as competitive services.

The Commission may waive certain statutes and administrative rules for competitively classified carriers “if such waiver or modification is otherwise consistent with the other provisions of Section 392.361 to 392.520 and the purposes of this chapter.”⁶ The Commission has developed a standard list of statutes and regulations that it waives for competitive local exchange and interexchange carriers. The Commission finds that the waiver of those statutes and regulation is consistent with the purposes of Chapter 392, and will waive those provisions for NPG Digital Phone.

The Commission may also require a telecommunications company to comply with any conditions reasonably necessary to protect the public interest. Staff recommends that NPG Digital Phone’s application be granted subject to certain restrictions regarding switched access rates. These conditions are routinely recommended by Staff and NPG Digital Phone accepted them in its application. The conditions proposed by Staff are necessary to protect the public interest and will be adopted.

⁶ Sections 392.361.5 and 392.420.

NPG Digital Phone did not submit a proposed tariff along with its application. The Commission's regulations do not require that such a tariff be filed along with an application for a certificate, but NPG Digital Phone is reminded that it cannot provide service in Missouri until its tariff is approved by this Commission.

The Commission places NPG Digital Phone on notice that failure to comply with certain obligations pursuant to law may result in penalties assessed against the company. These obligations include, but are not limited to, the following:

- A) The obligation to file an annual report, as established by Section 392.210, RSMo 2000. Failure to comply with this obligation will make the utility liable for a penalty of \$100 per day for each day that the violation continues. Rule 4 CSR 240-3.540 requires telecommunications utilities to file their annual report on or before April 15 of each year.
- B) The obligation to pay an annual assessment fee established by the Commission, as required by Section 386.370, RSMo 2000.
- C) The obligation to comply with all relevant laws and regulations, as well as orders issued by the Commission. If the company fails to comply it is subject to penalties for noncompliance ranging from \$100 to \$2,000 per day of noncompliance, under Section 386.570, RSMo 2000.
- D) The obligation to keep the Commission informed of its current address and telephone number.

The company is reminded that its officers may not represent it before the Commission. The company must be represented by an attorney licensed to practice law in Missouri.

In addition, Section 392.410.5, RSMo Cum. Supp. 2005, provides that the company's certificate of service authority becomes null and void one year from the date of this order unless the company has exercised its authority under that certificate.

The Commission notes that before providing telecommunications services in Missouri, a party shall possess the following: (1) an interconnection agreement approved by the Commission; (2) except for wireless providers, a certificate of service authority from the Commission to provide interexchange or basic local telecommunications services; and (3) except for wireless providers, a tariff approved by the Commission.

IT IS ORDERED THAT:

1. NPG Digital Phone, Inc., is granted a certificate of service authority to provide basic local telecommunications services in the exchanges of AT&T Missouri, Embarq, CenturyTel of Missouri, LLC, and Spectra Communications Group, LLC, d/b/a CenturyTel, subject to the conditions and recommendations contained in Staff's Memorandum.

2. NPG Digital Phone, Inc., is granted certificates of service authority to provide nonswitched local exchange and interexchange telecommunications services in the state of Missouri.

3. NPG Digital Phone, Inc., and its services are granted competitive classification.

4. NPG Digital Phone, Inc.'s originating and terminating access rates shall be no greater than the lowest Commission-approved corresponding access rates in effect for each incumbent local exchange carrier within whose service area NPG Digital Phone seeks authority to provide service, unless authorized by the Commission pursuant to Section 392.220 and 392.230, RSMo.

5. The certificates and competitive service classification for switched exchange access are granted conditioned on the continued applicability of Section 392.200, RSMo, and the requirement that any increase in switched access service rates above the maximum switched access service rates set forth herein shall be made pursuant to Section 392.200 and 392.230, RSMo, and not Section 392.500 and 392.510, RSMo.

6. If the directly-competing incumbent local exchange carrier, in whose service area NPG Digital Phone, Inc. is operating, decreases its originating or terminating access service rates, NPG Digital Phone shall file an appropriate tariff amendment to reduce its originating or terminating access rates in the directly competing incumbent local exchange carrier's service area within 30 days of the directly competing incumbent local exchange carrier's reduction of its originating or terminating access rates in order to maintain the cap.

7. Application of the following statutes and Commission rules is waived:

Statutes

- 392.210.2 - uniform system of accounts
- 392.240.1 - rates-rentals-service & physical connections
- 392.270 - valuation of property (ratemaking)
- 392.280 - depreciation accounts
- 392.290 - issuance of securities
- 392.300.2 - acquisition of stock
- 392.310 - stock and debt issuance
- 392.320 - stock dividend payment
- 392.330 - issuance of securities, debts and notes
- 392.340 - reorganization(s)

Commission Rules

- 4 CSR 240-3.550(5)(C) - exchange boundary map
- 4 CSR 240-10.020 - depreciation fund income
- 4 CSR 240-30.040 - uniform system of accounts

8. The certification granted herein is conditioned upon the company's compliance with the regulatory obligations set out in this order.

9. This order and NPG Digital Phone, Inc.'s certificates shall become effective on December 8, 2006.

10. This case shall be closed on December 9, 2006.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Morris L. Woodruff, Deputy Chief Regulatory
Law Judge, by delegation of authority pursuant
to Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 28th day of November, 2006.