

**BEFORE THE
UTAH PUBLIC SERVICE COMMISSION**

Application of)	
)	
Sage Telecom, Inc.)	Docket No. _____
)	
for a Certificates of Public Convenience and)	
Necessity to Provide Resold and Facilities-Based)	
Local Exchange and Interexchange)	
Telecommunications Services in the)	
State of Utah)	
)	

APPLICATION OF SAGE TELECOM, INC.

Sage Telecom, Inc. (“Sage” or “Applicant”), by its undersigned counsel and pursuant to Chapter 8b of Title 54 of the Utah Code, Utah Admin. Code §§ 746-100 et seq., and the rules and regulations of the Utah Public Service Commission (“Commission”), hereby applies for a Certificate of Public Convenience and Necessity to authorize it to provide facilities-based and resold local exchange and interexchange telecommunications service throughout the State of Utah.

The State of Utah has adopted a policy of allowing competition in the local and long distance telecommunications markets, recognizing that it is in the public interest to develop effective competition to ensure that all consumers will have access to high quality, low cost, and innovative telecommunications services. The Federal Telecommunications Act of 1996 also seeks to promote competition and reduce regulation in order to secure lower prices and higher quality telecommunications services for American consumers. Both goals will be promoted by granting this Application.

The Applicant submits the following information pursuant to Utah Admin. Code R746-349 in support of its request.

1. Applicant's legal name is Sage Telecom, Inc. Applicant may be reached at its principal place of business:

Sage Telecom, Inc.
805 Central Expressway South, Suite 100
Allen, Texas 75013-2789
(214) 495-4700 (Tel)
(214) 495-4795 (Fax)
www.sagetelecom.net

2. R746-349-3(A)(16). Proof of authority to conduct business. Sage Telecom, Inc. is a corporation organized under the laws of the State of Texas formed on July 18, 1996. A copy of its Amended and Restated Articles of Incorporation is attached hereto as Exhibit A. Sage's authority to transact business as a foreign corporation in Utah is attached hereto as Exhibit B.

3. Correspondence or communications pertaining to this Application should be directed to:

Catherine Wang
Brett Ferenchak
Jasbir K. Bawa
Bingham McCutchen LLP
2020 K Street, NW
Washington, DC 20006
(202) 373-6000 (Tel)
(202) 373-6001 (Fax)
catherine.wang@bingham.com
brett.ferenchak@bingham.com
jasbir.bawa@bingham.com

4. Questions concerning the ongoing operations of Sage following certification should be directed to:

Robert W. McCausland
Vice President and Secretary
Sage Telecom, Inc.
805 Central Expressway South, Suite 100
Allen, Texas 75013-2789
(214) 495-4704 (Tel)
(214) 495-4795 (Fax)
RMcCausland@sagetelecom.net

5. Sage's registered agent in the State of Utah is:

National Registered Agents, Inc.
395 W. 2900 N.
Pleasant Grove, UT 84062

6. For purposes of consumer inquiries, the contact information will be:

Sage Telecom, Inc.
Customer Relations
805 Central Expressway South, Suite 100
Allen, Texas 75013-2789
1-888-449-4940 (residential customers)
1-877-619-3969 (business customers)

7. R746-349-3(A)(3). Facilities to be used. Sage has not yet reached an interconnection or resale agreement with any incumbent local exchange carrier in Utah.

8. R746-349-3(A)(4). Services to be offered. Sage seeks authority to provide facilities-based and resold local exchange and interexchange telecommunications services to and from all points in the State of Utah. Therefore, Sage seeks statewide authority. Sage will offer basic local exchange services, custom calling features, and interexchange toll services, including toll free services, to business and residential customers. Facilities-based local exchange service will be provided via (a) commercial wholesale agreements with incumbent local exchange carriers, (b) the company's own facilities, or (c) combination thereof. Initially, toll services will be provided via Sage's underlying long distance carrier. Sage, however, seeks the full range of

resold and facilities-based local exchange and interexchange authority so that it can have flexibility in provisioning its services in the future. Sage will continuously monitor and maintain a high level of control over its network on a 24-hours-a-day, 7-days-a-week basis. Sage's proposed local exchange tariff is provided as Exhibit G and its proposed intrastate access tariff is provided as Exhibit H..

8. (a) R746-349-3(A)(4)(a). Classes of customers. Sage will offer its services to both business and residential customers.

8. (b) R746-349-3(A)(4)(b). Location of service. Sage intends to provide resold and facilities-based services to subscribers from all points within the State of Utah and therefore seeks statewide authorization. Although Sage requests authority to operate statewide in Utah, it will initially provide local exchange service in the existing service areas of incumbent local exchange carriers ("LECs") that are not exempted from the general duty to interconnect pursuant to section 251(f) of the Telecommunications Act of 1996. Sage seeks statewide authority, so that it may expand its service areas as market conditions warrant and as additional service areas become open to competition.

9. R746-349-3(A)(5). Access to standard services. Sage will provide access to ordinary intraLATA and interLATA message toll calling, operator services, directory assistance, directory listings, and emergency services through interconnection with its underlying carrier.

10. R746-349-3(A)(7). Professional experience and education of managerial personnel and personnel responsible for Utah operations. Sage does not plan to operate an office within Utah. Responsibility for Utah operations will be handled by Applicant's current management team from its headquarters in Allen, Texas. Descriptions of the extensive

telecommunications and managerial experience of Applicant's key personnel are attached hereto as Exhibit D.

11. R746-349-3(A)(1), R746-349-3(A)(10)–(12). Financial abilities. Sage is financially qualified to provide local exchange telecommunications services in Utah. Sage has access to the financing and capital necessary to conduct the telecommunications operations as specified in this application, and will rely upon its existing personnel and technological and financial resources to provide intrastate services.

11. (a) R746-349-3(A)(9). Chart of accounts. Sage's chart of accounts including account numbers, names, and brief descriptions is attached hereto as Exhibit E. Please note that the information provided in Exhibit E is proprietary and has been attached in a sealed envelope marked "Confidential." As it contains sensitive information regarding Sage's business operations, Sage respectfully requests that this information be treated confidentially and not be released to any member of the public absent Sage's prior written permission.

11. (b) R746-349-3(A)(10)(a)–(d). Financial Statements. Sage's success in developing innovative products and services and in expanding its geographic reach has translated into impressive growth in recent years, and as such Sage is extremely well-qualified financially to operate and expand its business. Financial information demonstrating Sage's financial qualifications is provided as Exhibit C. As shown in the attached information, Sage is financially qualified to operate within the State of Utah. Please note that the information provided in Exhibit C is proprietary and has been attached in a sealed envelope marked "Confidential." As it contains sensitive information regarding Sage's business operations, Sage respectfully requests that this information be treated confidentially and not be released to any member of the public absent Sage's prior written permission. Sage possesses the sound financial

background necessary to effectively procure, install, and operate the facilities and services requested in this application. In accordance with R746-349-3(A)(11)(a), these financial statements show that Sage has a positive net worth and that Sage has sufficient cash flow to provide its proposed services.

11. (c) R746-349-3(A)(10)(b). Sufficient projected and verifiable cash flow. Paragraph 12, below, provides evidence of a sufficient projected and verifiable cash flow to meet cash needs as shown in Sage's five-year projection of expected operations.

11. (d) R746-349-3(A)(2), R746-349-3(A)(11)(c). Bond requirement. Sage respectfully requests a waiver of the requirement in R746-34-2(A)(2) for proof of a bond in the amount of \$100,000. Sage will not require Utah customers to make a service deposit. Further, as demonstrated by its financial statements, Sage has the financial resources to cover other liabilities to telecommunications customers.

12. R746-349-3(A)(12). Five-year projection of expected operations.

12. (a) R746-349-3(12)(a). Income and cash flow statements. Attached hereto under seal as Exhibit F is Sage's five-year projection of expected operations. Please note that the information provided in Exhibit F is proprietary and has been attached in a sealed envelope marked "Confidential." As it contains sensitive information regarding Sage's business operations, Sage respectfully requests that this information be treated confidentially and not be released to any member of the public absent Sage's prior written permission.

12. (b) R746-349-3(A)(12)(b). Types of technology to be deployed. Initially, technology deployed will be the same as that currently deployed by the incumbent providers whose networks should be utilized on a wholesale basis. Other network technologies will be considered if an when Sage deploys its own network facilities.

12. (c) R746-349(A)(12)(c). Maps of facilities locations. As stated in Paragraph 7 above, Sage currently does not plan to construct facilities in Utah and has not yet completed its plans for leasing facilities in Utah. Sage has not yet determined the exact location of future facilities and descriptions of the specific facilities to be deployed in the future.

13. R746-349-3(A)(6), R746-349-3(A)(13). Implementation schedule. Sage proposes to begin providing service in Utah shortly after it has obtained the requisite Commission approval and as soon as it is able to establish interconnection agreements and obtain collocation space with the relevant incumbent LECs in Utah.

14. R746-349-3(A)(1), R746-349-3(A)(14). Technical and managerial abilities. Sage is technically and managerially qualified to provide competitive local exchange and interexchange services in Utah. Sage's Utah operations will be directed by its existing corporate management, technical and operations staffs who are responsible for the interexchange and local exchange operations in other states. A description of the background of Applicant's key personnel, which demonstrates the extensive telecommunications experience of Sage's management team, is attached hereto as Exhibit D.

Sage is well qualified to provide telecommunications services in Utah. Currently, Sage and Sage-TX (which only provides service in Texas) provide approximately 400,000 local telephone service lines in Arkansas, California, Connecticut, Illinois, Indiana, Kansas, Michigan, Missouri, Ohio, Oklahoma, Texas and Wisconsin. Sage has 10 years of experience in voice telephony. Sage has not been denied requested certification in any jurisdiction, nor has any permit, license, or certificate been revoked by any authority.

15. R746-349-3(A)(8). Employees. Sage's Utah operations will be directed by its management team located at Sage's headquarters in Allen, Texas. In lieu of an organizational chart, Sage offers the biographies of its key personnel set forth in Exhibit D to satisfy R746-349-3(A)(8).

16. R746-349-3(A)(1), R746-349-3(A)(15). Public interest. Granting this Application will promote the public interest by increasing competition in the provision of telecommunications services in Utah. Sage will provide customers high quality, cost effective telecommunications services, with an emphasis on customer service. In addition to driving prices closer to costs, thereby ensuring just and reasonable rates, competition also promotes efficiency in the delivery of services and in the development of new services. These benefits work to maximize the public interest by providing continuing incentives for carriers to reduce costs while, simultaneously, promoting the availability of potentially desirable services.

17. R746-349-3(A)(17)–(18). Unauthorized switching, solicitation of new customers, and prevention of unauthorized switching or other illegal activities. Sage had approximately 1,000 “informal” complaints in 2006 (Sage had approximately 450,000 customers in 2006). A large portion of the “informal complaints” were related to billing disputes and collections issues, which were often the result of customers seeking payment arrangements on delinquent accounts. In certain states such as Michigan and Ohio, matters related to collections and billing were by far the predominant complaint logged. There were a approximately 170 complaints in all that were labeled as slamming, but most of those complaints were deemed unfounded as Sage was able to locate a valid third party verification of the change in presubscribed carriers. However, even when the slamming complaint was not justified, Sage credited or “zeroed out” the customer's account as an accommodation.

Sage was found by the FCC to have slammed eleven (11) customers between June 20, 2003 and March 29, 2005. While the FCC did not fine or impose a penalty on Sage, Sage was required to absolve the slammed customers of charges for the first 30 days after the unauthorized change occurred. As a result of increased training and policies for Sage's telemarketers, there have not been any findings by the FCC that Sage has slammed any customers since March 29, 2005.

In addition, Sage entered into an Assurance of Voluntary Compliance ("AVC") with the Indiana Attorney General regarding allegations over violations of the do not call rules. Sage did not admit liability but did agree to pay a civil penalty of \$22,000 within 15 days of signing the AVC. Sage also agreed to certain monitoring and compliance requirements such as providing, upon request, an electronic and paper record of all Telephone Sales Calls made after the compliance date to the date of the request and cooperating with the Attorney General in the investigation and resolution of any and all future violations.

For the reasons stated above, Applicant respectfully submits that the public interest, convenience, and necessity would be furthered by a grant of this Application for the authority to provide all types of facilities-based and resold local exchange and interexchange telecommunications services.

Respectfully submitted,

By: _____

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COUNSEL FOR APPLICANT

Dated: September 5, 2007

LIST OF EXHIBITS

Exhibit A	Amended and Restated Articles of Incorporation
Exhibit B	Authority to Transact Business as a Foreign Corporation in Utah
Exhibit C	Financial Statements <i>(CONFIDENTIAL - FILED UNDER SEAL)</i>
Exhibit D	Management Biographies
Exhibit E	Chart of Accounts <i>(CONFIDENTIAL - FILED UNDER SEAL)</i>
Exhibit F	5 Year Projection of Expected Operations <i>(CONFIDENTIAL - FILED UNDER SEAL)</i>
Exhibit G	Proposed Local Exchange Tariff
Exhibit H	Proposed Intrastate Access Tariff

EXHIBIT A

Amended and Restated Articles of Incorporation

EXHIBIT B

Authority to Transact Business as a Foreign Corporation

EXHIBIT C

Financial Statements

CONFIDENTIAL - FILED UNDER SEAL

EXHIBIT D

Management Biographies

MANAGEMENT BIOGRAPHIES

Brian Kushner serves as the President and CEO of Sage Telecom, Inc., and is the co-founder of CXO, L.L.C., the Dallas-based international interim and turnaround management firm specializing in telecommunications, technology and media. He is also the founder of BGKC, LLC, the predecessor firm to CXO. Prior to Sage, he served as President and CEO of Pacific Crossing Limited, an international carrier with major trans-Pacific subsea fiber optic cables connecting the U.S. and Japan. Over the last nine years, Brian and members of his firm have served as the CEO, CRO, Board members or other C-level interim managers at numerous firms including RCN, Sage Telecom, wine.com, Pacific Crossing, Birch Telecom, VarTec/Excel, Pac-West Telecom, CTC Communications, Intira, OpTel, USOne, Flashnet, and GMAC/TSC. In CXO's advisory practice, they have advised lenders and other stakeholders on significant matters involving Broadwing, Genuity, Allegiance Telecom, New World Networks, XO Communications, Williams Communications, Velocita, Newcomm Wireless, and over fifteen other entities. Prior to CXO and BGKC, Brian founded Recompute, served as an interim executive for MCC and BSG, and spent ten years with BDM International, a defense and systems integration firm. Brian serves on the board of directors of Sage Telecom, Pacific Crossing and Headway Corporate Resources and the advisory board of directors of the College of Natural Sciences of the University of Texas at Austin. Brian has a BS, MS, and PhD in Applied and Engineering Physics, the latter with a minor in Electrical Engineering, all from Cornell University, Ithaca, NY.

Jeffrey (Jeff) Seiden serves as the Senior Vice President and Chief Operating Officer of Sage Telecom, Inc., and is a Senior Director at CXO, L.L.C., the Dallas-based international interim and turnaround management firm specializing in telecommunications, technology and media. In addition to his role at Sage, Jeff provides business strategy, merger and acquisition, diligence and global business operation advisory services to CEOs and Boards of Directors of public and private companies through CXO and TechBizDev, Inc. Previously, Jeff held roles as Sr. Vice President of Corporate Development, COO and CIO for Pervasive Software Inc. driving global operations, managing numerous M&A deals up to \$50 million worldwide and integrating acquired businesses. Jeff was the founder, President and CEO of nuLogic Inc., an automation technology company, successfully growing nuLogic for ten years before its acquisition by National Instruments Inc. in 1997. With over twenty-five years of experience in business strategy, management, technology and diligence, Jeff has held executive-level and senior operating positions at: Liaison Tech, Question Technologies, Austin Ventures AVLabs, Cambridge Robotic Systems, Inspex, Inc., and LTX Corporation. Jeff has served as a Director or Technology Board member, published articles on automation and process control, and built offshore development, distribution and support operations in Europe, Japan, and India. Jeff earned his B.S. in Electrical and Computer Engineering, Cum Laude with a minor in Mathematics from Syracuse University.

John Debus serves as the Senior Vice President, CFO and Treasurer of Sage Telecom, Inc. and is a Director at CXO, L.L.C., the Dallas-based international interim and turnaround management firm specializing in telecommunications, technology and media. While at CXO, John has served as acting CFO of wine.com, an online, nation-wide wine and specialty gift retailer and has filled various support roles for several turnaround projects. Prior to joining CXO, John has served as CFO of Goodman Networks, a privately held Engineering, Furnishing & Installation Services Company, specializing in the telecommunications sector, including wireline, wireless, outside plant and staffing. John has also served Vice President of Finance & Controller at Allegiance Telecom. While at Allegiance, he participated in raising over \$1.8 billion in their IPO and Senior Note transactions, and was responsible for Treasury Operations with over \$1.0 billion in investments. Other senior positions held include: Director of Financial & Strategic Planning at Greyhound Lines, Director of Financial Planning at US ONE Communications Corp., Manager of Financial Planning at Trescom International, Inc. John earned a Bachelor of Science Degree in Business Administration from the University of Colorado.

Shahin Sazej serves as the Senior Vice President of Systems and has over twenty years of Information Technology experience within the telecommunications industry. Most recently, Shahin served as the Chief Information Officer for Supra Telecom, a Florida-based CLEC serving primarily ethnic communities. Prior to Supra, he served as the CIO for Touchstone Systems, Inc., a voice-over-IP based provider, and for Ionex Telecommunications, an integrated communications provider serving small to medium-sized business customers in Texas, Oklahoma, Kansas and Missouri. Shahin received his BS in Computer Science from Stephen F. Austin State University and his MBA from the University of Dallas.

Robert (Bob) McCausland serves as the Vice President and Secretary of Sage Telecom, Inc. He joined Sage as Vice President of Regulatory Affairs in 2003 after more than twenty years in telecommunications. Prior to joining Sage, Bob led Allegiance Telecom's Regulatory and Interconnection Department from start-up stage to a mature organization. Through the mid-1990s, he was responsible for MFS Communications Company's ILEC collocations, unbundled loop implementations and, ultimately, inter-company OSS interface management. His career at MFS began after more than ten years at Bell Atlantic where he negotiated early CAP collocation and interconnection arrangements, managed switched and special access product lines, negotiated the company's first region-wide interconnection agreements with wireless carriers, prepared service cost studies, and oversaw various state and federal regulatory functions. He is a graduate of Marshall University in Huntington, West Virginia.

Mark Orland joined Sage in 2003 and serves as the Vice President of Information Systems with responsibility for the design, development, and operations of core business systems. Prior to Sage, he served as CIO of Verio, Inc., the largest provider of domain-based websites in the country, and he was a Technical Architect with PageNet responsible for designing the next generation business and provisioning systems. Prior PageNet, Mark led Sprint Corporation's development team for their customer billing system and promotions systems. Prior to Sprint, Mark started his career with Andersen Consulting where he developed his skills as a software developer and DBA working large development projects in the telecommunications and insurance industries. Mark has a B.S. Degree in Computer Science from the University of Illinois and is a certified Project Management Professional.

Tighe Merelli joined the Company in May 2006 as Chief Technical Officer. His 25 years in the information technology and telecommunications industries include participation in every major technology evolution from the installation of the first IBM PC's as an entrepreneur in 1981, to the implementation of large corporate networks as engineering manager for Businessland during the late '80s, to creating one of the first truly convergent telecommunications billing systems. He has held positions in technology management including engineering management, Chief Technology Advisor and Chief Information Officer for advanced telecommunications and information technology companies. Tighe is a graduate of Oklahoma State University.

Ben Miller serves as Vice President, Corporate Development at Sage Telecom, Inc. and is a Senior Director at CXO, L.L.C., the Dallas-based international interim and turnaround management firm specializing in telecommunications, technology and media. Prior to Sage, Ben has held many operational and transactional roles. He held the position of Director of Business Restructuring and Development at OpTel, Inc., a triple-play telecom provider and was responsible for asset sales to Adelphia Communications, Time Warner and Lucent totaling over \$70 million. Later, Ben served as the Regional General Manager of the Phoenix and San Francisco operations at OpTel's successor company, TVMax. As part of CXO's engagements, Ben has been on the operational and transactional teams at CTC Communications and part of the advisory team on matters involving Genuity and PT Cable, a trans-pacific undersea cable. Most recently, he was a General Manager in Comcast's Colorado operations. Ben received a Bachelor of Arts in English from Columbia University.

Bob Kimbrell is Executive Director, Human Resources at Sage Telecom and joined the company in 2006. He is responsible for all aspects of human resources, including talent acquisition and retention, compensation and benefits, training and development, change management, employee relations and organization development. Prior to joining Sage, he held senior leadership roles at leading technology companies including NEC America, Affiliated Computer Services and TransFirst. A human resources veteran with over 20 years' experience, his industry background includes telecommunications, technology-based business services, diversified financial services and aerospace, ranging from Global Fortune 100 to startup companies. He is a graduate of the University of North Texas.

EXHIBIT E

Chart of Accounts

CONFIDENTIAL - FILED UNDER SEAL

EXHIBIT F

5 Year Projection of Expected Operations

CONFIDENTIAL - FILED UNDER SEAL

EXHIBIT G

Proposed Local Exchange Tariff

EXHIBIT H

Proposed Intrastate Access Tariff