

FILED<sup>2</sup>

OCT 15 1999

MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Case No. TM-2000-219

Missouri Public  
Service Commission

Southwestern Bell Telephone Company, and SBCS Switches, Inc.

FROM: Arthur P. Kuss, Telecommunications Department

*APK*

*CE5-10-13-99*

*Wes Henderson 10-13-99*  
Utility Operations Division/Date

*Wm K Nass 10/14/99*  
General Counsel's Office/Date

SUBJECT: Staff Recommendation to Approve the Transfer of Assets from  
Southwestern Bell Telephone Company, to SBCS Switches, Inc.

DATE: October 07, 1999

**I. Application**

On September 07, 1999 Southwestern Bell Telephone Company (SWBT), an incumbent local telecommunications carrier, filed with the Public Service Commission (Commission) an **Application for Authority to Transfer Certain Assets** (Application) to SBCS Switches, Inc. (SBCSS), a wholly-owned subsidiary of SWBT. SWBT and SBCSS, hereinafter collectively referred to as Parties (Parties), propose this transaction following which SBCSS will merge with and into SBC Services, Inc. (SBCS), with SBCS to become the surviving entity, and SBCSS to cease to exist. Approval of that merger is not a part of this Application. SBCS will become the ultimate user of the subject assets. Also on September 07, 1999, SWBT filed a **Motion to Expedite Review and Approval** of the Application, requesting that the Commission issue an Order approving the Application by December 01, 1999.

On September 21, 1999, the Commission issued an **Order Establishing Time for Filing of Recommendation** directing the Staff of the Commission to file its recommendations concerning the Application by November 10, 1999.

**II. Background**

SWBT provides intrastate local and intraLATA interexchange telecommunications services and currently operates in Missouri under a series of tariffs. SWBT does not seek to transfer any assets used to provide telecommunications services in Missouri. Following this transaction, SWBT will continue to provide services to Missouri customers according to the existing certification and to the rates, terms and conditions described in the tariffs, with no interruption of service.

Neither before nor following this transaction will either SBCSS or SBCS be subject to the jurisdiction of the Commission. The subject assets of interest are to be used to provide a variety of administrative and

support services to SWBT and other entities on a centralized basis. The transfer of assets is expected to result in cost savings for all Parties due to efficiencies in financial resources, facilities and expertise.

In compliance with 4 CSR 240-2.060(5)(G), the Parties have declared that the proposed transaction will have no impact, or will have only positive impact, on the tax revenues of the State of Missouri or of any political subdivision therein.

### ***III. Staff Recommendation***

The Telecommunications Department Staff (Staff) has reviewed the application and believes that it meets the limited requirements of 4 CSR 240-2.060 (1) and (5). Staff has no objections to the proposed transfer and recommends that the Commission issue an order that approves the proposed transfer of assets from SWBT to SBCSS.

Staff is unaware of any other filings that would affect, or be affected by, this proposal.

### ***IV. Copies:***

Director - Utility Operations Division	
Director - Research and Public Affairs Division	
Director - Utility Services Division	
General Counsel	
Office of the Public Counsel	
Attorney for SWBT -	Anthony K. Conroy
Attorney for SWBT -	Paul G. Lane
Attorney for SWBT -	Leo J. Bub
Attorney for SWBT -	Katherine C. Swaller

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COMMISSION COUNSEL  
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