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July 2, 1999

Mr. Dale Hardy Roberts, Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

FILED

JUL 3 1999

Missouri Public
Service Commission

TM-2000-3

Re: *Application of Shared Communications Services, Inc. authorizing
merger with Trailblazer Acquisition Corporation*

Dear Mr. Roberts:

Pursuant to my letter of July 1, 1999, enclosed for filing on behalf of Shared Communications Services, Inc., please find the original Application of Shared Communications Services, Inc. for an order authorizing Shared Communications Services, Inc. to merge with Trailblazer Acquisition Corporation. This document includes the original signatures and verification.

Thank you for your cooperation in this matter.

Sincerely,

ARMSTRONG TEASDALE LLP

Vicki J. Goldammer

Vicki J. Goldammer

VJG:nh
Enclosure

cc: Office of the Public Counsel

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED
JUL 1 1999 *mh*

In the matter of the application of Shared)
Communications Services, Inc. for an order)
authorizing Shared Communications)
Services, Inc. to merge with Trailblazer)
Acquisition Corporation.)

Case No. TM-2000-3

Missouri Public
Service Commission

APPLICATION FOR AUTHORITY TO MERGE

1. Shared Communications Services, Inc. ("SCS" or "Applicant"), by its counsel, hereby respectfully requests the approval of the Missouri Public Service Commission ("Commission"), pursuant to Section 392.300(1) RSMo and 4 CSR 240-2.060(6)(H), to effectuate a merger of a certificated competitive telecommunications company that provides long distance resale with Trailblazer Acquisition Corporation. Under the proposed transaction, Trailblazer, a wholly-owned subsidiary of Advanced TelCom group, Inc. ("ATGI"), intends to merge with and into SCS. SCS respectfully requests expedited treatment of this Application.

2. As fully described herein, approval of the transfer will permit SCS to realize economic and marketing efficiencies, and will promote the ability of SCS to continue providing high quality, low cost telecommunications services in the long distance marketplace. Accordingly, granting this Application will benefit the public interest.

3. No certificates of service authority will change hands. SCS will continue to provide service to Missouri customers under its current tariff. After the merger, Trailblazer will cease to exist, and thus will not be subject to the jurisdiction of the Commission.

I. BACKGROUND

4. Applicant SCS is an Oregon corporation whose principal office is located at 3723 Fairview Industrial Drive, SE, Salem, OR 97302. By Order No. TA-98-186, dated December 29,

1997, SCS was authorized to operate as a reseller of interexchange services within the state of Missouri. SCS is a competitive telecommunications company. Information concerning SCS' financial, technical, and managerial abilities was made available to the Commission in the above proceeding, and is incorporated herein by reference. SCS also provides competitive local exchange services in the states of Nevada, Oregon and Washington. In addition, SCS is authorized to provide interexchange resale services in almost all of the fifty states. SCS has no pending or final judgments against it from any state or federal agency which involve customer service or rates.

5. Trailblazer is an Oregon corporation that is a wholly-owned subsidiary of ATGI, a Delaware corporation. Trailblazer does not hold its own certificate to provide interexchange resale or competitive local exchange services. ATGI's principal office is located at 100 Stony Point Road, Suite 130, Santa Rosa, CA 95401. ATGI is currently in the process of entering the competitive local exchange telecommunications services market and is authorized to provide competitive local exchange services in California, Colorado, Idaho, Nevada, Oregon, and Washington, and Texas. Further, ATGI is filing for section 214 authority at the FCC. Trailblazer and ATGI have no pending or final judgments against it from any state or federal agency which involve customer service or rates.

II. DESIGNATED CONTACTS

6. The designated contacts for questions concerning this Application are:

Mark Trinchero, Esq.
Jennifer Woodruff, Esq.
Davis Wright Tremaine LLP
1300 SW Fifth Avenue, Suite 2300
Portland, OR 97201
(503) 778-5318 (tel)
(503) 778-5299 (fax)

with copies to:

Kathryn L. Thomas, VP-Regulatory and Public Policy
Advanced TelCom Group, Inc.
100 Stony Point Road, Suite 130
Santa Rosa, CA 95401
(707) 535-8900 (tel)
(707) 535-8909 (fax)

Pamela Ballard
Shared Communications Services, Inc.
3723 Fairview Industrial Drive, SE
Salem, OR 97302
(503) 399-7000 (tel.)
(503) 731-5990 (fax)

III. DESCRIPTION OF TRANSACTION

7. On June 16, 1999, Trailblazer and its parent, ATGI, and SCS entered into an Agreement and Plan of Reorganization ("Agreement"), whereby ATGI agreed to acquire SCS through a statutory merger of SCS with Trailblazer.

8. Pursuant to this merger, all the issued and outstanding capital stock of SCS shall be converted into the right to receive cash consideration, and all issued and outstanding options, warrants, and other rights to purchase stock of SCS shall be cancelled. Upon the effective date of the merger, Trailblazer will be merged with and into SCS, and the separate corporate existence of Trailblazer will cease, while SCS shall continue as the surviving corporation, and as a wholly-owned subsidiary of ATGI. SCS will continue to be the service provider and the certificate holder in Missouri. SCS will continue to provide service under its current tariff.

9. Applicant expects that for the foreseeable future both SCS and ATGI will continue to operate their respective telecommunications businesses under their current names, and will continue to provide high quality, affordable telecommunications services to the public. No certificates will change hands, and there will be no changes to any tariffs. As such, this transaction will not in any way disrupt service or cause inconvenience or confusion to the customers of SCS. Further, because the surviving corporation of the merger is SCS, the effect of

the merger will be seamless for SCS' retail customers in Missouri.

IV. TAX IMPACT

10. SCS has no structures, facilities or equipment in any political subdivisions in Missouri. Accordingly, the merger of SCS and Trailblazer will have no impact the tax revenues of the political subdivisions

V. PUBLIC INTEREST

11. The Commission's approval of this proposed merger will serve the public interest, because as noted above, it will provide SCS and ATGI, as the parent of Trailblazer, with the ability to achieve economies of scale by combining their financial resources, complementary services, facilities, and expertise. The merger also provides SCS with a strengthened financial position, because of the larger capital base of ATGI.¹ Further, the proposed merger will provide SCS and ATGI with significant synergies in marketing, network performance, and other telecommunications operations; and will also allow the two companies to provide a larger variety of new products and services to its customers. For example, ATGI has a complete Operation Support Services (OSS) system for facilities-based and resale services ordering, provisioning, billing and customer records maintenance, and also has switches and networks that will benefit SCS' operations. Moreover, SCS possesses a fully-equipped and experienced sales and sales support team, with a customer call-in center, which will complement ATGI's operations. Ratepayers will benefit from the combined company's economies of scale. Finally, the principals and senior management of both SCS and ATGI have broad technical and managerial experience that will benefit the combined company's operations. Accordingly, the proposed merger will benefit the public interest and create more competitive choices by providing

⁴ As an example of ATGI's financial strength and stability, its management has raised over \$200

consumers with a wide variety of efficient services.

12. Finally, the merger will not affect the Commission's ability to regulate effectively and audit the merged company. SCS is certified to provide long distance resale in the state of Missouri, and will continue to provide these services after the merger. To the extent that tariffs are required, they will continue in force and be subject to the same regulatory scrutiny as before the merger. In conclusion, the merger will not diminish or affect the jurisdiction of the Commission and the capacity of the Commission effectively to regulate and/or audit the Applicant.

13. Applicant therefore requests Commission approval for the authority to effectuate the merger of SCS and Trailblazer. Applicant respectfully requests that the Commission grant its approval of this transaction as quickly as possible, so that Applicant may effectuate this transfer and continue to provide its high quality, efficient services.

million in funds in its first ten months of operations.

VI. CONCLUSION

14. For the foregoing reasons, SCS respectfully requests that the Commission grant this Application, as it would promote the public interest, convenience, and necessity.

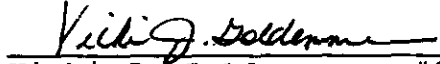
Respectfully submitted,

**SHARED COMMUNICATIONS
SERVICES, INC.**

By: 

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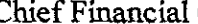
Counsel for Applicant.


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Associate Counsel for Applicant

STATE OF OREGON)

COUNTY OF MARION)


Karl Wetzel
Chief Financial Officer
Shared Communications Services, Inc.

Mentor Lee Columbus
Notary Public (SEAL)



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

In the matter of the application of Shared)
Communications Services, Inc. for an order)
authorizing Shared Communications)
Services, Inc. to merge with Trailblazer)
Acquisition Corporation.)

Case No. _____)

PETITION TO APPEAR AND PARTICIPATE BEFORE THE COMMISSION

Pursuant to 4 CSR 240-2.040(6)(c), Jennifer E. Woodruff ("the Attorney"), petitions the Missouri Public Service Commission ("Commission") for leave to be permitted to appear and participate in the above-captioned proceeding before the Commission.

The Attorney is admitted to practice in the State Courts of Oregon. The Attorney is also admitted to practice in the State Courts of Alaska and the U.S. District Court, District of Alaska. Neither Jennifer E. Woodruff, nor any member of the Attorney's firm, is disqualified to appear in any of these courts.

Associate counsel of the Attorney shall be Vicki Goldammer of Armstrong Teasdale. Associate counsel has an office located at 3405 W. Thurman Boulevard, Jefferson City, Missouri 65109.

Respectfully submitted,

**TRAILBLAZER ACQUISITION
CORPORATION, AND SHARED
COMMUNICATIONS SERVICES, INC.**

By: _____

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Counsel for Applicants.