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November 29, 1999

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Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. TM-2000-280

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Nathan Williams
Assistant General Counsel
(573) 751-8702
(573) 751-9285 (Fax)

NW/mm
Enclosure
cc: Counsel of Record

FILED³
NOV 29 1999
Missouri Public
Service Commission

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

FILED³

NOV 9 5 1999

Missouri Public
Service Commission

In the Matter of the Joint Application of)
NorthPoint Communications, Inc. and)
NorthPoint Communications Holdings,)
Inc. for Approval of a Corporate)
Reorganization.)

Case No. TM-2000-280

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) and for its recommendation states:

1. In the attached Memorandum, which is labeled Appendix A, the Staff recommends that the Missouri Public Service Commission authorize the reorganization of NorthPoint Communications, Inc.
2. In the original application NorthPoint Communications, Inc. and NorthPoint Communications Holdings, Inc. were named as the applicants. In a subsequently filed Motion to Correct Application of NorthPoint Communications, Inc. and NorthPoint Communications Holdings, Inc., NorthPoint Communications, Inc., through counsel, advised that the application erroneously named NorthPoint Communications Holdings, Inc. as a co-applicant instead of NorthPoint Communications Group, Inc. and that NorthPoint Communications Group, Inc. should be substituted for NorthPoint Communications Holdings, Inc. throughout the application.

3. Prior to the reorganization NorthPoint Communications, Inc., a Missouri PSC-regulated utility, was owned by shareholders who now own NorthPoint Communications Group, Inc. in the same proportions as they originally owned NorthPoint Communications, Inc. After the reorganization NorthPoint Communications, Inc. is wholly owned by NorthPoint Communications Group, Inc.
4. The reorganization was accomplished by the merger of a subsidiary wholly owned by NorthPoint Communications Group, Inc.—NorthPoint Merger Sub, Inc.—with the original NorthPoint Communications, Inc. NorthPoint Communications Group, Inc. received all the stock of the newly merged company and the owners of the pre-merger NorthPoint Communications, Inc. received rights to shares of NorthPoint Communications Group, Inc. NorthPoint Communications, Inc. was the surviving corporation in the merger of NorthPoint Communications, Inc. and NorthPoint Merger Sub, Inc.
5. Section 392.340.1, RSMo. 1994, provides:

Reorganization of telecommunications companies shall be subject to the supervision and control of the commission and no such reorganization shall be had without the authorization of such commission.

Additionally, § 392.300.1, RSMo. 1994, in part, provides:

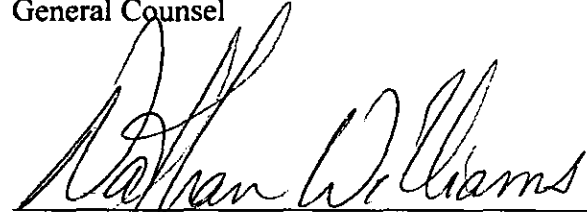
No telecommunications company shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, facilities or system, necessary or useful in the performance of its duties to the public, nor by any means, direct or indirect, merge or consolidate such line or system, or franchises, or any part thereof, with any other corporation, person or public utility, without having first secured from the commission an order authorizing it so to do. Every such sale, assignment, lease,

transfer, mortgage, disposition, encumbrance, merger or consolidation made other than in accordance with the order of the commission authorizing the same shall be void.

WHEREFORE, in light of all the foregoing, the Staff recommends the Commission enter an Order substituting NorthPoint Communications Group, Inc. for NorthPoint Communications Holdings, Inc. as a joint applicant in this case and authorizing the reorganization of NorthPoint Communications, Inc. to be a wholly-owned subsidiary of NorthPoint Communications Group, Inc.

Respectfully submitted,

DANA K. JOYCE
General Counsel

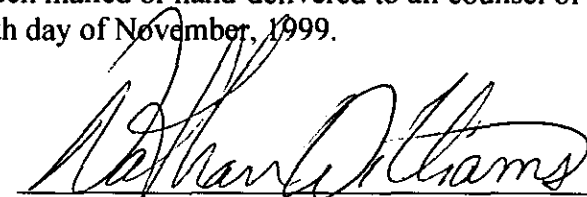


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Assistant General Counsel
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 29th day of November, 1999.



MEMORANDUM

RECEIVED

TO: Missouri Public Service Commission Official Case File
Case No. TM-2000-280

NOV 24 1999

FROM: Philip M. Garcia ^{PG} Telecommunications Department ^{BW}

MISSOURI
Public Service Commission

Bill Velt for WH 11-24-99
Utility Operations Division/Date

Wm K Hoas 11/24/99 NW/11/24/99
General Counsel Office/Date

SUBJECT: Staff's Recommendation for Approval of a Corporate Reorganization

DATE: November 18, 1999

On October 15, 1999, NorthPoint Communications, Inc. (NorthPoint) and NorthPoint Communications Holdings, Inc. (NorthPoint Holdings), filed a joint application requesting the Commission for ^{Pre-Pyne} Approval of a Corporate Reorganization which has taken place. On November 15, 1999 both parties filed a Motion to Correct Application stating that the proper name of the second co-applicant, NorthPoint Communications Holdings, Inc. was NorthPoint Communications Group, Inc. (NorthPoint Group). The motion of November 15, 1999 thereby requests that the error be corrected by acceptance of the Motion and the name NorthPoint Communications Holdings, Inc. be replaced by NorthPoint Communications Group, Inc.

NorthPoint Communications, Inc. received its Missouri certificate to provide interexchange and non-switched local exchange telecommunications services in Case No. TA-98-533, issued June 30, 1998. NorthPoint is a privately owned Delaware corporation whose principal offices are located at 302 2nd Street, San Francisco, CA 94107. On April 26, 1999 NorthPoint notified the Commission by letter of the Reorganization of NorthPoint. Commission legal staff subsequently informed NorthPoint that Commission approval was required for the type of transaction under consideration by NorthPoint. During the interim period, however, NorthPoint consummated its reorganization. Consequently, NorthPoint filed the instant application with the Commission and requests that the Commission approve the transaction.

NorthPoint's reorganization consisted of:

- A newly created Delaware holding company, Northpoint Communications Group, Inc.
- The current Board of Directors and executive officers of NorthPoint will also serve as the Board of Directors and executive officers of NorthPoint Group.
- Shareholders of NorthPoint exchange their shares on a one-for-one basis for shares of NorthPoint Group; and NorthPoint Group will own 100% of NorthPoint stock.

Applicants state:

- That the reorganization would enable NorthPoint to attract additional financing, reduce its operating expenses and realize operation and management efficiencies.
- The reorganization was produced in a seamless fashion that did not adversely affect any consumers.

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Case No. TM-2000-280
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- The technical and managerial qualifications of NorthPoint were not affected by the reorganization, as the same board of Directors and executive officers are still responsible for all operations of the company,
- NorthPoint will continue its operations, management, and services in the same manner as prior to the reorganization.

Staff has reviewed the application and recommends that the Commission grant prospective approval of the internal corporate reorganization of NorthPoint Communications Inc.

Service List For
Case No.: TM-2000-280
November 29, 1999

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