

**BEFORE THE
MISSOURI PUBLIC SERVICE COMMISSION**

In the matter of the Application of)	
)	
Consolidated Communications Operator Services, Inc.)	
)	
and)	
)	
Consolidated Communications Public Services, Inc.)	Case No. XN-2009-0196
)	
and)	
)	
Consolidated Communications Network Services, Inc.)	
)	
)	
For Approval of a Transfer of Assets Related to an Internal Reorganization and Related Approvals)	

RESPONSE OF APPLICANTS TO ORDER TO SHOW CAUSE

In Response to the Order to Show Cause issued on December 18, 2008, Applicants Consolidated Communications Operator Services, Inc. (CCOS), Consolidated Communications Public Services, Inc. (CCPS), and Consolidated Communications Network Services, Inc. (CCNS), state as follows:

1. As stated in the original and amended applications filed in this matter, pursuant to an internal reorganization scheduled for January 1, 2009, the assets of CCOS and CCPS will be transferred to CCNS, and the corporate existence of CCOS and CCPS will cease. All three applicants have certificates to provide service in Missouri and have tariffs on file with the Commission.

2. Subsection (1) of Section 392.300 provides that “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, . . . without having first secured from the commission an order authorizing it to do so. Every such sale, assignment, lease, transfer, mortgage or other disposition . . . made other than in accordance with the order of the commission authorizing the same shall be void.”

3. Subsection (52) of Section 386.020 of the Missouri Revised Statutes in relevant part defines a telecommunications company as “. . . every corporation . . . owning, operating, controlling or managing any facilities used to provide telecommunications service for hire, sale, or resale within this state.” Subsection (53) of Section 386.020 defines “telecommunications facilities” as including “lines, conduits, ducts, poles, wires, cables, crossarms, receivers, transmitters, instruments, . . . and all devices . . . used, operated, controlled or owned by any telecommunications company to facilitate the provision of telecommunications service.”

4. As the order to show cause points out, neither CCOS nor CCPS owns any structures, facilities or equipment or other physical or financial assets located within the State of Missouri that they use to provide service and that will be transferred to CCNS in the internal corporate reorganization. CCOS and CCPS do, however, own facilities and equipment and other physical and financial assets located in other states, which CCOS and CCPS use to provide their services in the various states in which they operate. These

facilities, equipment and other physical and financial assets will be transferred to CCNS as part of the internal corporate reorganization. For example, CCOS maintains a complete, full-service operator service center in Mattoon, Illinois, equipped with a modern call-handling platform, which it uses to provide alternative operator services and other call completion services. This facility and equipment will be transferred to CCNS as part of the internal corporate reorganization. Other assets owned by CCOS and CCPS, which will be transferred to CCNS, include customer contracts, accounts receivable and contracts and leases for use of telecommunications services and facilities of other carriers. In addition, some states (although not Missouri) treat the certificates of service authority issued by the state public service commission to CCOS and/or CCPS as assets the transfer of which must be approved by the state public service commission.

Applicants note that they have either received, or are on track to receive by December 31, 2008, all of the necessary approvals from other state commissions that are required to complete the proposed transfer of assets and reorganization.

5. The statutes cited above are capable of various interpretations. For example, in the definition of telecommunications service quoted in paragraph 3 above, if the phrase “in this state” were read to modify “used to provide telecommunications service” as opposed to “owning, operating, controlling or managing any facilities”, then one might conclude that a company owning facilities and equipment that are located outside of the state but

which are used to provide telecommunications service within Missouri falls within the definition of “telecommunications company.”¹

6. It is Applicants’ understanding that the Commission Staff interprets the above statutes as requiring Commission approval of the transfer of assets described in the original and amended applications. The Commission Staff recommended that the Commission approve the application in its Memorandum and Recommendation filed on December 18, 2008.

7. Regardless of whether the Commission enters an order approving the application as recommended by Staff or an order disclaiming jurisdiction and dismissing the application as described in the order to show cause, Applicants respectfully request that a final order be entered in this proceeding on or before December 31, 2008. Even if a portion of the application is dismissed for lack of jurisdiction, Applicants respectfully request that the Commission grant any or all approvals (such as approval of the CCNS adoption notices and amended tariff pages) that the Commission deems necessary or appropriate to effect

¹ Compare “. . . any company . . . owning, operating, controlling or managing any facilities **used** to provide telecommunications service for hire, sale or resale within this state;” with “. . . every corporation . . . **owning**, operating, controlling or managing any facilities . . . within this state.” (emphasis added)

the transfer of assets related to the internal reorganization described in the original and amended application, as such reorganization is scheduled to occur on January 1, 2009.

Respectfully submitted this 19th day of
December, 2008.

Consolidated Communications Operator
Services, Inc., Consolidated Communications
Public Services, Inc. and Consolidated
Communications Network Services, Inc.

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