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June 29, 2000

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

FILED³

JUN 29 2000

Missouri Public
Service Commission

RE: Case No. TM-2000-738

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) 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,

Cliff E. Snodgrass
Senior Counsel
(573) 751-3966
(573) 751-9285 (Fax)

CES:sw
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

JUN 29 2000

Missouri Public
Service Commission

In the Matter of the Application of)
Southwestern Bell Telephone Company)
for Authority to Transfer Certain Support)
Assets to SBC Management Services, Inc.)

Case No. TM-2000-738

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through one of its attorneys, and for its Recommendation states as follows:

1. On May 4, 2000, Southwestern Bell Telephone Company (SWBT) filed an Application for authority to transfer certain support assets to SBC Management Services, Inc. (SBC-MSI). These assets consist of furniture, file cabinets, library materials and other related items that will be used to provide legal support services to SWBT and its affiliates on a centralized basis.

2. The transfer of assets is governed by §392.300 RSMo 1994 and 4 CSR 240-060(7). Applicable case law provides that the Commission may approve an asset transfer if it is "not detrimental to the public interest". See State ex. rel Fee Fee Trunk Sewer Inc. v. Litz, 596 S.W.2d 466, 468 (Mo. App. E. D. 1980).

3. Staff has reviewed the application for asset transfer approval and has concluded that the transaction will not be detrimental to the public interest.

4. In the attached Memorandum, which is labeled Appendix A, the Staff summarizes its review of the application and recommends that the Commission enter an Order which:

A. Approves SWBT's application to transfer assets to SBC-MSI subject to receipt by the Commission of an inventory of the specific assets SWBT proposes to transfer to SBC-MSI, and, a statement from SWBT indicating whether it has any pending action or final unsatisfied judgment or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three years of the date of the application.

Respectfully submitted,

DANA K. JOYCE
General Counsel

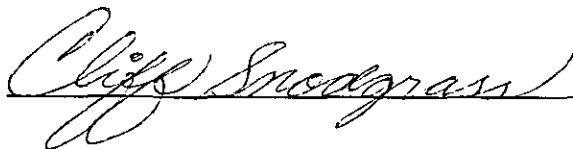


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Certificate of Service

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 June, 2000.

A handwritten signature in cursive script, reading "Cliff Snodgrass", is written over a horizontal line.

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Tariff File No. N/A Case No. TM-2000-738

From: William Voight *BV*
Telecommunications Department

6/29/00
Utility Operations Division/Date

6-29-2000
General Counsel's Office/Date

Date: June 27, 2000 Staff Deadline: June 30, 2000

Subject: Recommendation to Approve Application of Southwestern Bell Telephone Company for Authority to Transfer Certain Support Assets to SBC Management Services, Inc.

On May 4, 2000, Southwestern Bell Telephone Company (SWBT) filed an Application for Authority to Transfer Certain Support Assets to SBC Management Services, Inc. (SBC-MSI). SWBT states in the Application that these support assets are "utilized by SWBT attorneys and other legal department support personnel to provide legal services to SWBT and SBC Management Services, Inc." These assets are located in Missouri and are used "primarily to provide legal services to SWBT and on occasion to affiliates of SWBT." The Application further states that SWBT seeks authority to transfer assets which is the subject of this Application (furniture, file cabinets, library materials, etc.). These assets are used to provide legal support services to SWBT and its affiliates on a centralized basis; and SWBT states that this consolidation will lead to more efficient operations.

SWBT's application adheres to the provisions of 4 CSR 240-2.060 (7) (A)-(F) concerning asset transfers in that the Application:

1. Contains a copy of the agreement between SWBT and SBC-MSI which states that the assets will be transferred from SWBT to SBC-MSI.
2. Contains a certified copy of the consent of the board of directors of SWBT authorizing the transfer of assets.
3. States that the purchaser, SBC-MSI, is not subject to the jurisdiction of the Commission; therefore balance sheets and income statements are not required to be submitted.

4. States that the proposed transfer of assets from SWBT to SBC-MSI will not be detrimental to the public interest, and after the assets are transferred, attorneys and other legal department employees of SBC-MSI will continue to utilize these assets and others to provide the same support functions to SWBT and its affiliates on a centralized basis.
5. States that the transfer of the legal support assets located in Missouri from SWBT to SBC-MSI will not have a material negative impact on the tax revenues of the political subdivisions of Missouri.

SWBT also states that it is not seeking authority to transfer any assets or equipment (including switches, cables, etc.) it currently uses to provide telecommunications services in Missouri.

Pursuant to 4 CSR 240-2.060(2), SWBT states that the following items are unavailable at this time, but will be furnished prior to the Commission making a final determination on the Application:

- (a) A statement indicating whether SWBT has any pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of the Application.
- (b) An inventory of the specific assets SWBT proposes to transfer to SBC-MSI.

SWBT estimates that the net book value of the assets located in Missouri which will be transferred to SBC-MSI will not exceed \$250,000. An independent third party will determine the fair market value of the assets, and SWBT will provide this information to the Commission.

The Telecommunications Department Staff (Staff) recommends the Commission approve SWBT's Application pending the receipt of the items listed in (a) and (b) above. Staff concludes that the transaction does not appear to be detrimental to the public interest. Staff is unaware of any other filings or applications that may affect, or be affected by, this Application.

**Service List for
Case No. TM-2000-738
June 29, 2000**

**Office of the Public Counsel
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