Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
http://www.psc.state.mo.us

July 12, 2000

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-2000-853

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

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

FILED[2]

JUL 1 2 2000

Missouri Public Service Commission

In the Matter of the Application of TTI National, Inc. for Approval to Transfer Subscribers, for Waiver of Commission's Rule and Motion for Expedited Treatment.	))))	Case No. TM-2000-853

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 June 28, 2000, TTI National Inc. (TTI), a competitive interexchange carrier filed an Application for Commission approval to transfer subscribers and for waiver of a Commission rule (4 CSR 240-33.150). A Motion for expedited treatment was also filed.

2. TTI is currently authorized to offer intrastate service in Missouri.

3. Basically, TTI seeks permission to acquire the customers of several telecommunications companies that sold their assets under the supervision of the bankruptcy court. Approximately 7,533 Missouri customers are affected by this transaction.

4. The sale of assets is governed by §392.300 RSMo and 4 CSR 240-2.060(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). In addition, waivers of Commission rules can be granted if "good cause" for the waiver is shown, see 4 CSR 240-2.060(14).

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5. Staff has reviewed the Application for asset transfer approval and has concluded that the transaction will not be detrimental to the public interest. In addition, the Staff has examined the basis for the waiver of 4 CSR 240-33-150 and has concluded good cause has been shown.

6. 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 TTI's Application to transfer/acquire subscribers.

B. Approves Waiver of 4 CSR 240-33.150.

C. Has an effective date of July 21, 2000.

Respectfully submitted,

DANA K. JOYCE
General Counsel

Cliff Snodgrass

Cliff Snodgrass
Senior Counsel
Missouri Bar No. 52302

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-3966 (Telephone)
(573) 751-9285 (Fax)
e-mail: csnodgra@mail.state.mo.us

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 12th day of July, 2000.

Cliff Snodgrass

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Tariff File No. N/A Case No. TM-2000-853

From: Mike Scheperle
Telecommunications Department

7/12/00
Utility Operations Division/Date

Wm K Haas 7/12/00
General Counsel's Office/Date

Subject: Staff's Recommendation to approve request of TTI National Inc. to Transfer Subscribers, Waiver of Commission's Rule and Motion for Expedited Treatment

Date: July 10, 2000

On June 28, 2000, an application by TTI National Inc., (TTI), a competitive interexchange carrier, was filed requesting approval to Transfer Subscribers, for Waiver of a Commission Rule. In addition a Motion for expedited treatment was filed.

Currently, TTI is an interexchange carrier authorized to offer intrastate service in Missouri. TTI received its certificate on July 21, 1996 in Case Number TM-96-423. TTI has an approved tariff on file effective July 21, 1996. TTI is a wholly-owned subsidiary of MCI WorldCom, Inc., a publicly traded company.

This application is to request approval to transfer the Subscribers of National Tele-Communications, Parcel Consultants Inc., Minimum Rate Pricing, Inc. and Discount Call Rating, Inc., (collectively MRP) to TTI. On February 26, 1999, Minimum Rate Pricing, Inc., Parcel Consultants, Inc. and National Tele-Communications, Inc. each filed voluntary Chapter 11 Bankruptcy petitions in the United States Bankruptcy Court for the District of New Jersey. On November 3, 1999, Discount Call Rating, Inc. also filed a voluntary Chapter 11 Petition in the same court. As a result of the continued loss in value of MRP's assets, primarily as a result of attrition of MRP's customer base, MRP decided to sell substantially all of its assets. On December 9, 1999, an auction was held where TTI's bid was the highest and best offer. The Bankruptcy Court entered an Order authorizing the sale of substantially all of MRP's assets including MRP's customer base of 207,000 customers, of which 7,533 such customers are located in Missouri (as of March, 2000).

The Sale Order authorizes a management agreement whereby, TTI, through its designated operator, Asset Recovery Services, Inc., agrees to manage the MRP customer base pending regulatory approval from the FCC and state regulatory bodies. Once all required regulatory approvals are obtained, TTI will close on the sale, customers will be transferred to TTI and other assets will be transferred to TTI. If regulatory approvals are not granted, then TTI will not be able to close on the sale and the management of the

Appendix A

customer base would return to MRP. However, MRP does not have the financial ability or personnel to continue to provide service or manage the customer base. Therefore, TTI seeks permission to effect a "seamless" transition of long distance service for the affected MRP customers.

TTI requests expedited action on this application pursuant to 4 CSR 240-2.080(17) by July 21, 2000, in order to minimize customer service interruption and also requests a waiver of a Commission's Rule, specifically 4 CSR 240-33.150.

National Tele-Communications and Parcel Consultants, Inc. are not certificated to do business in Missouri. Minimum Rate Pricing, Inc. (MRPI) was Certificated on November 5, 1995, with tariffs effective November 5, 1995 in Case No. TA-96-76. Discount Call Rating, Inc. was Certificated on September 23, 1997, with tariffs effective September 28, 1997 in Case No. TA-98-40. On March 4, 1998, in Case No. TO-98-319, the Commission issued an Order Acknowledging Change of Name to Discount Call Rating, Inc., d/b/a Flat Rate Long Distance, Inc. On April 30, 1999, in Case No. TO-99-409, the Commission issued an Order Acknowledging Change of Name to Discount Call Rating, Inc., d/b/a Flat Rate Long Distance, Inc., d/b/a Connect FREE (DCR). MRPI and DCR are certificated as competitive interexchange companys in Missouri.

As soon as all requisite state and federal regulatory approvals are obtained, the 7,533 Missouri customers will be informed that they will receive the same or better rates and services than those which they were receiving from MRP, without interruption and without need for action. The affected customers will also be reminded that they are under no obligation to take service from TTI, and that each customer is free to select another company to carry their long distance.

Additionally, after customers begin receiving TTI's service, TTI will send a welcome letter to the customers informing the customer that no fee should be charged by the local company. If any fee is imposed, TTI will issue a credit for such charge to the customer. The welcome letter will also provide these customers with an 800 number to assist them should any questions arise.

Staff recommends approval of TTI's request for Transfer Subscribers, for Waiver of Commission's Rule (4 CSR 240-33.150) with an expedited effective date of July 21, 2000. Staff believes a waiver of 4 CSR 240-33.150 is justified and good cause has been shown. According to 4 CSR 240-2.060(3) competitively classified companies are exempt from providing certain information such as public interest information in applications to merge, consolidate or sell/transfer assets. Based on the limited information provided to Staff, Staff does not believe the transaction will be detrimental to the public interest. Any transaction, solely involving competitively classified companies, is not detrimental to the public interest since a customer can freely switch to another provider. Staff further recommends TTI notify the Commission of the date certificates and tariffs should be withdrawn to coincide with the customer notifications.

Service List for
Case No. TM-2000-853
July 12, 2000

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Carl J. Lumley/Leland B. Curtis
Curtis, Oetting, Heinz, Garrett & Soule
130 S. Bemiston, Suite 200
Clayton, MO 63105