

FILED

MAY 5 1999

MEMORANDUM

Missouri Public
Service Commission

TO: Missouri Public Service Commission Official Case File
Case No. TM-99-381

FROM: George Gruenewald *GEH*
Telecommunications Department

W. Henderson 5-4-99
Utility Operations Division/Date

[Signature] 5-5-99
General Counsel's Office/Date

SUBJECT: Recommendation to Approve Reorganization and Related Transactions

DATE: April 29, 1999

On March 4, 1999, Primus Telecommunications, Inc. (Primus) and TresCom U.S.A., Inc. (TresCom) (collectively, the Parties) submitted an Application for Approval of Reorganization and Transfer of Assets (the Application). Primus and TresCom were granted certificates of service authority to provide interexchange telecommunications services in Case Numbers TA-96-20 and TA-97-150, respectively. The application contemplates, TresCom, an affiliate of Primus, merging with and into Primus. The proposed *pro forma* reorganization (the Reorganization) involves no change in the ultimate ownership or control of Primus. The applicants have requested expedited approval in order to consummate the transaction no later than April 30, 1999.

The Telecommunications Department Staff (Staff) notes that the Parties have not stated in the Application that there will be no impact on tax revenues of any political subdivision. Staff has spoken with the attorney for the Parties by phone, and been informed that there will be no impact on tax revenues of any political subdivision. Primus has no pending or final decisions or judgments against it from any state or federal agency involving service to customers or rates charged.

The Parties have stated in the Application that Primus will, upon consummation of the Reorganization, maintain a tariff that duplicates the service offerings, rates, terms and conditions as filed in the current tariff of TresCom. Thus, the former customers of TresCom will continue to receive the same services that they presently receive at the same tariffed rates.

The Application asserts that the merger will serve the public's interest by enhancing the ability of the Primus companies to offer competitively priced services in the Missouri interexchange telecommunications marketplace.

Staff has no objections to the proposed merger and recommends that Commission issue an order to: 1) approve the acquisition of TresCom by Primus, 2) direct Primus to make the necessary

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tariff filing to add TresCom's services and rates to Primus' tariff within 30 days from the effective date of the order, and 3) cancel TresCom's certificate of service authority to provide interexchange telecommunications service and the accompanying tariff 60 days from the effective date of the Commission's order, thus allowing Primus time to make the necessary tariff filing. Staff is unaware of any other filing which affect or which would be affected by this proposal.

Copies: Director - Utility Operations Division
 Director - Research and Public Affairs Division
 Director - Utility Services Division
 General Counsel
 James M. Fischer - Attorney for the Parties
 Office of the Public Counsel