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October 29, 2001

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ROBERT SCHALLENBERG
Director, Utility Services
DONNA M. KOLLIS
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. TO-2002-185

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF'S RESPONSE TO APPLICATION**.

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,

William K. Haas
Deputy General Counsel
(573) 751-7510
(573) 751-9285 (Fax)

WKH:sw
Enclosure
cc: Counsel of Record

FILED³

OCT 29 2001

Missouri Public
Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

OCT 29 2001

Missouri Public
Service Commission

In the Matter of the Application of)
Southwestern Bell Telephone Company to)
Transfer Property and Ownership of Stock)
Pursuant to Section 392.300 RSMo.)

Case No. TO-2002-185

STAFF'S RESPONSE TO APPLICATION

COMES NOW the Staff of the Missouri Public Service Commission and for its response states:

1. On October 12, 2001, Southwestern Bell Telephone Company, Southwestern Bell Texas, Inc., and Southwestern Bell Telephone L.P., d/b/a Southwestern Bell Telephone Company filed a "Joint Application" requesting approval of a "corporate restructuring." Under the proposed restructuring, Southwestern Bell Telephone Company (a Missouri incorporated regulated telecommunications company) would merge with Southwestern Bell Texas, Inc. (a Texas corporation) with Southwestern Bell Texas, Inc. as the surviving corporation. Southwestern Bell Texas, Inc., would convert into a Texas limited partnership with the name Southwestern Bell Telephone, L.P., d/b/a Southwestern Bell Telephone Company. The Joint Applicants filed a motion for expedited treatment requesting the Commission to approve the Joint Application no later than December 20, 2001, which is the planned effective date of the conversion.
2. On October 17, 2001, the Commission issued a Notice directing that responses to the Application shall be filed no later than October 29, 2001.

3. At this juncture, the Staff notes that the surviving entity that will be providing telecommunications services following the restructuring has not applied for certificates of service authority to provide telecommunications services.

The Staff is aware of Case No. TM-93-1 in which the Commission approved the transfer of assets and certificates of convenience and necessity from regulated telecommunications companies to the newly formed GTE Midwest, Incorporated.¹ In Case No. TM-95-135, the Commission elaborated on its decision in Case No. TM-93-1:

...Lastly, the parties cite Case No. TM-93-1. This case dealt with five joint applicants, four of whom were already certificated and the one non-certificated entity was a wholly owned, newly formed subsidiary for the purpose of company consolidation. Inasmuch as this was simply a corporate restructuring and not a sale or transfer, this case too fails to be instructive [in Case No. TM-95-135]...²

However, it has not been the more recent practice of the Commission to transfer certificates of telecommunications companies involved in a corporate restructuring. For example, Case No. TO-98-578 involved a corporate restructuring.³ The Order Approving Merger notes that the newly formed MCI metro Access Transmission Services, LLC which would survive the merger with the certificated MCI metro Access Transmission Services, Inc., had been granted its own certificate of service authority in Case No. TA-98-575.

¹ In the Matter of the Application Requesting Authority (1) for GTE North Incorporated to Transfer Certain Assets to GTE Midwest Incorporated, (2) for the Merger of Contel of Iowa, Inc., Contel of Missouri, Inc., Contel of Minnesota, Inc., The Kansas State Telephone Company, Contel of Kansas, Inc., and Contel Systems of Missouri, Inc., into GTE Midwest Incorporated, and (3) for the Transfer of Certificates of Public Convenience and Necessity, Report and Order, 1 Mo. P.S.C. 3d 445 (1992).

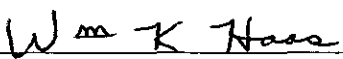
² In the Matter of the Joint Application of GTE Midwest Incorporated and BPS Telephone Company for Authority to Transfer and Acquire Part of GTE Midwest Incorporated's Missouri Franchise, Facilities or System Located in the State of Missouri, Order Granting Reconsideration, 3 Mo. P.S.C. 3d 275 (1995).

³ In the Matter of the Application of MCI Telecommunications Corporation, MCI metro, Inc., MCI metro Access Transmission Services, Inc. and MCI Metro Access Transmission Services LLC, for Approval of Merger. Order Approving Merger issued October 28, 1998. The Order Approving Merger is attached as Exhibit A to the Joint Application in this case.

4. The Staff continues its evaluation of the Joint Application and anticipates filing its recommendation by November 15, 2001, which should meet the Joint Applicant's request for expedited treatment.

Respectfully submitted,

DANA K. JOYCE
General Counsel



William K. Haas
Deputy General Counsel
Missouri Bar No. 28701

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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 October 2001.

Wm K Haas

**Service List for
Case No. TO-2002-185
Revised: October 29, 2001 (SW)**

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