

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Joint Application of Qwest)	
Communications Corporation and OnFiber Carrier)	
Services, Inc., for Approval of Pro Forma)	Case No. TM-2007-0433
Reorganization and for Other Necessary Relief)	

STAFF RECOMMENDATION

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

1. On May 15, 2007, Qwest Communications Corporation (QCC) and OnFiber Carrier Services, Inc. (OnFiber) filed a Joint Application seeking approval of a two-step merger. QCC and OnFiber are Commission certificated, competitively classified telecommunications companies. QCC and OnFiber are both indirect subsidiaries of Qwest Communications International Inc. (See Joint Application, Exhibit A, Pre-Restructuring Corporate Organizational Diagram). In the first step, OnFiber, OnFiber Carrier Services-Virginia, Inc., and InfoTech Communications will merge with and into their immediate corporate parent, OnFiber Communications, Inc., with OnFiber Communications, Inc., emerging as the surviving corporation. In the second but effectively simultaneous step, OnFiber Communications, Inc., will merge with and into its immediate corporate parent, QCC, with QCC emerging as the surviving corporation. (See Joint Application, Exhibit B, Post-Restructuring Corporate Organizational Diagram).

2. Subsection 1 of 392.300 RSMo generally provides that no telecommunications company shall 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, person or public utility, without having first secured from the Commission an order authorizing it so to do.

3. The standard for approval of a merger is the same as for the sale of assets: that the transaction will not be detrimental to the public interest. See, *In the Matter of the Application of Computer Network Technology Corporation for Authority to Enter into a Merger and Transfer of Control Transaction with Condor Acquisition, Inc., and McDATA Corporation, and Their Respective Shareholders*, Order Approving Merger And Directing Filing, Case XM-2005-0283 (March 29, 2005) (citing *State ex rel. Fee Fee Trunk Sewer, Inc. v. Litz*, 596 S.W. 2d 466, 468 (Mo. App. E.D. 1980)).

4. In the attached Memorandum, labeled as Appendix A, the Staff states its opinion that the mergers of these competitively classified companies will not be detrimental to the public interest. According to its representative, OnFiber does not currently provide intrastate telecommunications service in Missouri.

WHEREFORE, the Staff recommends that the Commission find that the mergers will not be detrimental to the public interest, approve the mergers, cancel OnFiber's certificate of service authority to provide interexchange and non-switched local exchange services, and cancel its PSC Mo. No. 1 Non-Switched Private Line Services Tariff.

Respectfully submitted,

/s/ William K. Haas

William K. Haas
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Missouri Bar No. 28701

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 21st day of June 2007.

/s/ William K. Haas

Memorandum

To: Missouri Public Service Commission Official Case File
Case No. **TM-2007-0433**

From: A. P. Kuss, Telecommunications Department

William Voight 06/20/07

Utility Operations Division/Date

/s/ William Haas 6/21/07

General Counsel's Office/Date

**Subject: Staff Recommendation for Application Seeking Commission Approval of
Competitive Company Transaction**

Date: June 20, 2007

The Telecommunications Department Staff (Staff) recommends the Commission (check, as applicable):

☒ **Approve Merger** ☐ **Approve Consolidation** ☐ **Approve Sale of Assets** ☐ **Approve Name Change**

☒ **Cancel Certificate(s) & Tariff(s)** ☐ **Approve Certificate(s) & Tariff(s)**

According to Commission rules, competitively classified companies are required to provide minimal information in applications to merge, consolidate or sell/transfer assets. Based on the information provided to Staff, Staff does not believe this particular transaction will be detrimental to the public interest. This transaction involves competitively classified companies and is not detrimental to the public interest since a customer has / will receive advance notice and can freely switch to another provider. The following chart summarizes this transaction.

Companies Involved in Transaction	Customer Served By ("X", if applicable)		Sale of Assets ("X", if applicable)		Certificates* (If applicable, indicate "C" to cancel, "A" to approve)			Tariffs* (If applicable, indicate Tariff PSC MO Nos.)	
	Before	After	Seller	Buyer	IXC	Local	Basic Local	Cancel	Approve
Qwest Communications Corporation (QCC)	X	X							
OnFiber Communications, Inc. (OnFiber)	X				C			No. 1	

* See attachment to Staff Recommendation for further details associated with approving certificates or tariffs.

Merger, Consolidation, Sell or Transfer Assets

Will affected customers be switched to a different company?

☐ No ☐ Yes (See Attachment, Item 6)☐ Customers have been adequately notified of the transaction and a copy of the notification has been attached to the Application.**Company Name Change Notification**☐ Company has notified its customers of the name change. A copy of the customer notice is attached.☐ Staff recommends the Commission order the Company to notify its customers at or before the next billing cycle of the name change and file a copy of the notice with the Commission.

Does this transaction involve a company in bankruptcy?

☒ No☐ Yes

If yes, a copy of the bankruptcy order is attached.

Competitive Company Transaction Review Items**Administrative:**☒ Application solely involves competitively classified companies.☒ No applications to intervene filed.**Noteworthy Transaction Application Requirements of 4 CSR 240-3.520 and 4 CSR 240-3.525:**☒ Will have no impact on tax revenues pursuant to 4 CSR 240-3.520(F) or 4 CSR 240-3.525(F)☒ Appropriate Secretary of State authorization has been submitted for any applicant (or if previously submitted, reference to prior case number).*Missouri corporations:* A Certificate of Good Standing.*Foreign corporations:* Authorization to do business in Missouri.*If business conducted under a fictitious name:* A copy of registration of the fictitious name.☒ No pending or final judgments/decisions described in 4 CSR 240-2.060(1)(K).☒ A statement that no annual report or assessment fees are overdue for any applicant.**Are there additional recommendations or special considerations?**☒ No☐ Yes

If yes, explain in an attachment.

☒ The Companies are not delinquent in filing annual reports or paying PSC assessments.☐ A Company is delinquent. Staff recommends the Commission grant the requested relief/action on the condition the applicant corrects the delinquency. The applicant should be instructed to make the appropriate filing in this case after it has corrected the delinquency.☐ No annual report☐ Unpaid PSC assessment. Amount owed:

Attachment:

1. Qwest Communications Corporation (QCC) is a Competitive Local Exchange and Interexchange Carrier (CLEC/IXC), certificated in Missouri to provide basic local service under Case No. TA-2000-309, interexchange service under Case No. TA-94-155, and nonswitched local service under Case No. TA-95-196.
2. OnFiber Communications, Inc. (OnFiber) is a Competitive Interexchange Carrier (IXC), certificated to provide interexchange and nonswitched local exchange service in Missouri under Case No. TA-2000-709.
3. QCC provides basic local and private line service under its Missouri PSC No. 5 Local Exchange Services Tariff.
4. QCC provides interexchange and point-to-point service under its P.S.C. MO. No. 1 Missouri Interexchange Telecommunications Tariff.
5. OnFiber offers nonswitched local exchange service under its PSC Mo. No. 1 Non-Switched Private Line Services Tariff.
6. Companies' representative reports that there are no intrastate retail customers currently served by OnFiber in Missouri.
7. Following this transaction, the Certificate to Provide Service and Tariff of OnFiber are to be cancelled.
8. QCC proposes to adopt OnFiber rate plans into its Missouri tariff as necessary to suit its business plan.

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Case No.: TM-2007-0433

AFFIDAVIT OF Arthur P. Kuss

STATE OF MISSOURI)

) ss:

COUNTY OF COLE)

Arthur P. Kuss, employee of the Staff of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that he has participated in the preparation of the accompanying Memorandum, and that the facts therein are true and correct to the best of his knowledge and belief.

Arthur P. Kuss

Arthur P. Kuss

Subscribed and affirmed before me this 20th day of June, 2007.

I am commissioned as a Notary Public within the County of Cole, State of Missouri,
and my commission expires on June 7, 2008



Carla K. Schnieders
NOTARY PUBLIC

CARLA K. SCHNIEDERS
Notary Public - Notary Seal
State of Missouri
County of Cole
My Commission Exp. 06/07/2008