

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

In Re: Application of MCI, Inc., for Grant of the)
Authority Necessary for the Transfer of Assets of)
MCI Network Services, Inc., to MCI)
Communications Services, Inc.)

Case No. TO-2006-0140

STAFF RECOMMENDATION

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

1. MCI, Inc., filed an Application requesting authority to transfer assets, facilities and wholesale customer contracts involving long distance telephone, data and Internet services from one of its subsidiary companies, MCI Network Services, Inc., to another subsidiary, MCI Communication Services, Inc. “Because this is an internal corporate transaction, involving assets that do not service retail customers, pursuant to 4 CSR 240-2.060(4), MCI requests that the Commission waive the requirements under 4 CSR 240-3.520(2)(B)(E), and (G) that a copy of a contract or balance sheets and income statements be filed or that copies of customer notifications be submitted.” (Application, p. 2)

2. The transfer of assets is governed by Section 392.300 RSMo. (2000). Applicable case law provides that the Commission may “not withhold its approval of the disposition of assets unless it can be shown that such disposition is detrimental to the public interest.” *State ex rel. Fee Fee Trunk Sewer, Inc.v Litz*, 596 S.W. 2d 466, 468 (Mo. App. E.D. 1980), citing to *State ex rel. City of St. Louis v. Public Serv. Comm’n of Mo.*, 73 S.W. 2d 392,400 (Mo. banc 1934).

3. The Commission may waive the application of a rule for good cause. 4 CSR 240-2.060(4).

4. In the attached Memorandum, which is labeled Appendix A, the Staff recommends approval of the transfer and of the requested waiver of rules, where applicable. The Staff opines that this transaction will not be detrimental to the public interest. The Staff recommends that the Commission grant, for good cause, the requested waiver of 4 CSR 240-3.520(2)(B), which requires a copy of the contract or agreement of sale to be included with the application, and 4 CSR 240-3.520(2)(G), which requires a copy of customer notification to be included with the application. The Staff notes that 4 CSR 240-3.520(2)(E), which requires balance sheets and income statements to be included with the application, does not apply to competitive telecommunications companies, which both buyer and seller are. See 4 CSR 240-3.520(1).

WHEREFORE, the Staff recommends approval of the proposed transaction and waiver of 4 CSR 240-3.520(2)(B) and (G).

Respectfully submitted,

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/s/ William K. Haas

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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 4th day of November 2005.

/s/ William K. Haas