

MEMORANDUM

To: Missouri Public Service Commission Official Case File
MCI Network Services Inc. and MCI Communications Services, Inc.
Case No. TO-2006-0140

From: Sherri Kohly
Telecommunications Department

William L. Voight 11/16/05
Utility Operations Division/Date

William K. Haas 11/16/05
General Counsel's Office/Date

Subject: Supplement to Staff Recommendation Filed on November 4, 2005

Date: November 16, 2005

On November 4, 2005, Staff filed its recommendation to approve the proposed transfer of assets of MCI Network Services, Inc. to MCI Communications Services, Inc. There was discussion regarding the proposal during the Commission's November 10, 2005 and this supplement is to address those concerns. The Staff's recommendation which was routed on the standard template used for merger, consolidation, and sale of assets cases, includes the statement "...This transaction solely 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." Staff has confirmed with MCI that the affected customers are subject to written contracts that allow for an assignment as presented in the case. The standard contract section provides as follows:

21. **Successors and Assignment** This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors or assigns, provided however, that Customer shall not assign or transfer its rights or obligations under the Agreement without the proper written consent of MCI, which consent shall not be unreasonably withheld or delayed, and further provided that any assignment or transfer without such consent shall be void.

The language in Staff's initial recommendation does not fit the proposed transaction as customers may not be able to "freely switch to another provider". Staff would note that the wholesale customers affected by the transfer knowingly signed a contract that allowed for the contract to be assigned and will be notified of the assignment. Also, the customers will not see any change in their rates or terms and conditions. For these reasons, Staff does not believe that the proposed transfer is detrimental to the public interest, and recommends the Commission approve the transaction.

- The Company is not delinquent in filing an annual report and paying the PSC assessment.
 The 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:)