

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

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|--|-------------------|
| In the Matter of the Application of Sprint) | |
| Communications Company, L.P., For) | |
| Approval of the Transfer of Customers to) | Case TO-2006-0254 |
| Trinsic Communications, Inc.) | |

STAFF RECOMMENDATION

COMES NOW the Staff of the Public Service Commission, and for its recommendation in this matter, states:

1. On December 14, 2005, Sprint Communications Company, L.P. ("Sprint") filed an application ("Application") seeking approval of a transaction whereby Sprint would transfer its Unbundled Network Element Platform, or UNE-P, customers to Trinsic Communications, Inc. Sprint intends to maintain its certificate of service authority.

2. Sprint holds certificates of service authority to provide to provide local telecommunications services granted in Case Nos. TA-97-269 and TA-96-424 and to provide interexchange and nonswitched local service in Missouri under Case No. TA-87-45. Z-Tel Communications, Inc. received a certificate of service authority to provide basic local exchange telecommunications services in Case No. TA-98-572 and to provide intrastate interexchange telecommunications services in Case No. TA-99-15. Subsequently, Z-Tel Communications, Inc. changed its name to Trinsic Communications, Inc., and that name change was approved by this Commission in Case No. LN-2005-0165.

3. The transfer of assets is governed by Section 392.300 and 4 CSR 240-3.520. 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 393, 400 (Mo. banc 1934).

4. In the attached Memorandum, the Staff summarizes its review of the transaction between Sprint and Trinsic Communications, Inc. and concludes that the transfer of assets will not be detrimental to the public interest. Staff recommends that the Commission approve the *Application*.

5. Staff notes that Sprint has provided copies of the notice to be given to its customers, Sprint has committed to provide at least thirty days notice, and the notice contains a notification that customers have a right to switch to another service provider. See paragraphs 12, 13 and 14 and Exhibit 2 of the *Application*. In light of this notice and the other representations made in those paragraphs, Staff recommends that there is no need to waive the provisions of 4 CSR 240-33.150, the Commission's anti-slamming rule as Sprint has complied with the requirements of 4 CSR 240-33.150(4).

6. Staff also recommends that the Commission waive 4 CSR 240-2.060(1)(K). Sprint filed a statement indicating that it is "a large national corporation that is often engaged in various litigations and administrative proceedings. Sprint respectfully contends that no action, proceeding or judgment involving customer service or rates should be relevant to the Commission's consideration of this particular Application." In this type of transaction, as Staff notes in its Recommendation, complaint-related information is less relevant for the seller (Sprint) versus the buyer (Trinsic); and in this case, the seller is the sole applicant.

WHEREFORE, Staff recommends that the Commission approve the application.

Respectfully submitted,

/s/ David A. Meyer

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 4th day of January 2006.

/s/ David A. Meyer

Memorandum

To: Missouri Public Service Commission Official Case File

Case No. **TO-2006-0254**

Parties: **Sprint Communications Company L.P.** (Sprint)
Trinsic Communications, Inc. (Trinsic)

From: A. P. Kuss Telecommunications Department

William Voight 01/04/06

Utility Operations Division/Date

/s/ David A. Meyer 1/4/06

General Counsel's Office/Date

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

Date: January 04, 2006

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)

In compliance with 4 CSR 240-3.520 (2) (D) of the Commission's rules, Sprint has submitted reasons to indicate that this transaction is not against the public interest. Specifically, Sprint has stated, and Staff has no objections, to these claims:

- (1) The transfer of approximately 2,900 local and long distance customers from Sprint to Trinsic will result in no changes to the rates, terms, or conditions of service to customers.
- (2) Trinsic is currently certificated to provide local and long distance service in Missouri.
- (3) Acting in a wholesale capacity, the local voice portion of the customers' service has always been provided by Trinsic; Sprint has merely provided the branding and billing for the customers' local telephone service. Hence, Trinsic has the requisite technical and managerial capability to acquire the customer base of Sprint and to ensure seamless provision of telecommunications service.
- (4) The FCC authorizes customer transactions of this type only in the event that customers are able to receive service, or a reasonable substitute, from another carrier, or that the public convenience and necessity will not otherwise be adversely affected.

In an attempt to comply with 4 CSR 240-2.060 (1) (K) of the Commission's rules, Sprint has made the following statement:

Sprint is a large national corporation that is often engaged in various litigations and administrative proceedings. Sprint respectfully contends that no action, proceeding or judgment involving customer service or rates *should* be relevant to the Commission's consideration of this particular Application. (emphasis added).

Despite this lack of compliance with 4 CSR 240-2.060(1)(K), Staff has no objections to the Commission approving the transaction. In this type of transaction complaint-related information is less relevant for the seller (Sprint) versus the buyer (Trinsic), and this Application was made solely by the seller. Nevertheless, Staff notes that there have been no complaints filed with the Missouri Commission against Trinsic in the past 12 months. Although an intervention period was not established for this case, the Commission has received no comments for or against this transaction.

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 |
| Sprint Communications Company L.P. (Sprint) | X | | X | | | | | | |
| Trinsic Communications, Inc. (Trinsic) | | X | | X | | | | | |

- 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

☒ 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). Case Nos.: See Attachment.
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. Sprint Communications Company L.P. (Sprint) is a Competitive Local Exchange and Interexchange Carrier (CLEC/IXC), certificated to provide local exchange service in Missouri in the exchanges of the Incumbent Local Exchange Carriers (ILEC) of GTE Midwest Incorporated and Southwestern Bell Telephone Company under Case No. TA-96-424 as of March 11, 1997.
2. Sprint was certificated to provide local exchange service in the affiliated ILEC United Telephone of Missouri d/b/a Sprint under Case No. TA-97-269 as of April 21, 1998.
3. Sprint is certificated to provide interexchange and nonswitched local service in Missouri under Case No. TA-87-45 as of March 03, 1987.
4. Trinsic Communications, Inc. (Trinsic) is an Interexchange Carrier (IXC), f/k/a Z-Tel Communications, Inc. (Z-Tel).
5. Z-Tel Communications, Inc. (Z-Tel) was certificated to provide Basic Local exchange service in Missouri under Case No. TA-98-572 as of November 27, 1998.
6. Z-Tel was certificated to provide Intrastate Interexchange service in Missouri under Case No. TA-99-15 as of March 15, 2001.
7. Z-Tel Communications, Inc. (Z-Tel) changed its name to Trinsic Communications, Inc. (Trinsic) under Case No. LN-2005-0165 as of February 14, 2005.
8. Sprint provides interexchange service under its P.S.C. Mo. Tariff No. 2 Intercity Telecommunications Services.
9. Sprint provides switched access service under its Missouri P.S.C. Tariff No. 5 Access Service.
10. Sprint provides local exchange service under its Missouri P.S.C. Local Exchange Tariff No. 4 Local Exchange Services.
11. Trinsic offers interexchange service under its P.S.C. MO No. 1 Missouri Interexchange Telecommunications Tariff.
12. Trinsic offers switched access service under its P.S.C. MO Tariff No. 3 Missouri Telecommunications Access Services Tariff.
13. This transaction proposes to transfer only those Sprint customer lines served by means of an Unbundled Network Element Platform (UNE-P) basis.
14. Following this transaction, Sprint will continue to provide certain services to those remaining customers that will be unaffected by this transaction.
15. Following this transaction, there will be no change or interruption of services to customers of either of the parties in Missouri.
16. Trinsic proposes to incorporate Sprint rate plans into its Missouri tariffs under File Nos. JL-2006-0506 and JL-2006-0507, currently before the Commission with proposed Effective Date February 01, 2006.
17. Sprint requests expedited approval of the transaction and waiver of any applicable anti-slamming regulations to allow implementation of the transfer as of February 01, 2006.