

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 5th day of
June, 2007.

In the Matter of the Joint Application of Dialaround)
Enterprises Inc. and STi Prepaid, LLC, for Authority)
to Transfer Assets.)
Case No. TO-2007-0391

ORDER APPROVING TRANSFER OF ASSETS

Issue Date: June 5, 2007

Effective Date: June 15, 2007

On April 13, 2007, STi Prepaid, LLC, and Dialaround Enterprises Inc. (DEI) filed a joint application for authority to transfer substantially all of DEI's assets to STi Prepaid. If the application is approved, DEI will surrender its authority to provide telecommunications services in Missouri.

The Commission issued notice of the application on April 17, 2007, and on May 17, 2007, the Staff of the Commission filed its Recommendation.

The Parties

DEI is a privately held Delaware corporation. DEI holds a certificate of service authority from this Commission to provide interexchange telecommunications services, which was granted to it by the Commission on February 20, 2003, in Case No. XA-2003-0241. DEI is a switchless, non-facilities-based interexchange resale carrier providing switched interexchange telecommunications services, including prepaid calling card services and dial-around (10-10) services to businesses and residences.

STi Prepaid is a limited liability company organized under the laws of the state of Delaware. With the joint application, STi Prepaid provided a copy of its certificate of authority from the Missouri Secretary of State's Office to transact business in Missouri as a foreign limited liability company. STi Prepaid will provide service under the fictitious names of: Telco Group, Telco, TGI, Dialaround Enterprises, Dialaround, VOIP Enterprises, VOIP, and DEI. These fictitious names have been registered with the Missouri Secretary of State.

On the same date the joint application in this case was filed, STi Prepaid applied for a certificate of service authority to provide interexchange services in Missouri in Case No. TA-2007-0390. An amended application was filed on May 17, 2007. The Commission granted STi Prepaid's application on May 24, 2007.

The joint applicants state that they do not have any pending action or final unsatisfied judgments or decisions against them from any state or federal agency or court within three years of the date of the application.

The Transactions

On January 23, 2007, DEI and certain of its affiliates entered into an Asset Purchase and Contribution Agreement with STi Prepaid and certain of its affiliates pursuant to which the sellers agreed to transfer all or substantially all of their assets and liabilities to STi Prepaid. Consummation of the transactions is contingent on, among other things, receipt of all necessary regulatory approvals. Upon receipt of regulatory approval, DEI will surrender its authorization to provide service. STi Prepaid will operate under the fictitious name of "DEI," and thus the transactions will be transparent to consumers. Consumers utilizing DEI's services will continue to receive service without interruption and without change in rates, terms or conditions.

The joint applicants state that customer notice is not required in this case because DEI does not have a dedicated customer base. DEI's customers are billed through a third party. As a result, DEI has no knowledge of the identity of the persons that utilize its services, and has no direct relationship with them, making customer notification of the transactions both unnecessary and almost impossible.

Staff's Recommendation

Staff noted that a transfer of assets for a telecommunications company is governed by Section 392.300¹ 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 *State ex rel. City of St. Louis v. Public Serv. Comm'n of Mo.*, 73 S.W.2d 393, 400 (Mo. banc 1934). In Staff's opinion, the proposed transactions will not be detrimental to the public interest. Staff noted, also, that since the customers involved in the transactions are prepaid calling card customers and cannot be identified, Staff did not recommend notice to customers as a prerequisite for approval.

Staff recommended that the Commission approve the joint application, contingent upon its approval of STi Prepaid's application for authorization to provide telecommunications services in Case TA-2007-0390.² Further, Staff recommended that if the joint

¹ All statutory references are to the Revised Statutes of Missouri (RSMo), revision of 2000, unless otherwise specified.

² That certificate was granted on May 24, 2007.

application for transfer of assets is approved, the Commission cancel the certificate and tariff of DEI.

Discussion

The Commission has reviewed the joint application and Staff's Recommendation, which are hereby admitted into evidence. The Commission also notes that on May 24, 2007, it issued an Order Approving Interexchange Certificates of Service Authority, Order Granting Waiver, and Order Approving Tariffs in Case No. TA-2007-0390. Thus, one of Staff's conditions for approval has been fulfilled. Based upon its review, the Commission concludes that the proposed transactions do not pose a detriment to the public interest. Therefore, the Commission will approve the transactions with the remaining condition recommended by Staff, that the joint applicants notify the Commission when the transactions have been consummated so the Commission may cancel DEI's certificate and tariff.

IT IS ORDERED THAT:

1. The Joint Application, filed on April 13, 2007, by STi Prepaid, LLC, and Dialaround Enterprises Inc. is approved.
2. STi Prepaid, LLC, and Dialaround Enterprises Inc. are authorized to enter into and perform in accordance with the Asset Purchase and Contribution Agreement referred to above.
3. STi Prepaid, LLC, and Dialaround Enterprises Inc. shall inform the Commission when the authorized transactions are complete so that the Commission may cancel the current certificate and tariff of Dialaround Enterprises Inc. The joint applicants shall file this notification within ten days of the transactions' consummation.

4. If the transactions have not been completed by September 4, 2007, STi Prepaid, LLC, and Dialaround Enterprises Inc. shall file a status report.

5. This order shall become effective on June 15, 2007.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Gaw, Clayton,
and Appling, CC., concur.

Dippell, Deputy Chief Regulatory Law Judge