MEMORANDUM

TO: **Missouri Public Service Commission**
Case No. TM-98-444
Bourbeuse Telephone Company and Fidelity Telephone Company

FROM: **Philip M. Garcia** PG
Telecommunications Department

for W.H. 8/7/98 — **Utility Operations Div./Date**

Penny G Baker 8/7/98 — **General Counsel's Office/Date** CB 8/10/98

SUBJECT: **Recommendation to Approve Merger with Fidelity Telephone Company Becoming the Surviving Corporation**

DATE: **August 7, 1998**

On April 9, 1998 Bourbeuse Telephone Company (Bourbeuse) and Fidelity Telephone Company (Fidelity), further referred to as Parties, filed a joint application requesting approval of their plan to merge with Fidelity becoming the surviving corporation. Bourbeuse and Fidelity are both regulated companies certificated as Local Exchange Companies. Bourbeuse is the Local Exchange Company (LEC) for one exchange: Gerald (@ 2,000 access lines); and Fidelity is the LEC for the following exchanges: Berger, Japan, Lyon, New Haven, Owensville, Spring Bluff, Stanton, and Sullivan- about 12,000 access lines total. Both companies are wholly-owned subsidiaries of Fidelity Communications Company (FCC), furthermore Fidelity is a Primary Toll Carrier (PTC) pursuant to the Commission's PTC Plan and provides interexchange telecommunications services to its exchanges as well as the Gerald exchange.

In support of the application, the Parties have included a Plan of Merger and certified copies of the authorizing resolutions approved by the Board of Directors of both applicants. According to the terms of the Plan, Bourbeuse proposes to merge into Fidelity, with Fidelity being the surviving corporation. In a different case pending before the Commission Case No. TR-98-344, the Parties propose to establish the rates, terms, and conditions of each tariff to be exactly the same. Subsequently, effective with the date of the merger, Parties plan to simply cancel the existing tariff of Bourbeuse and amend the existing tariff of Fidelity to include the Gerald Exchange. In this manner the proposed merger would not be detrimental to the public interest because it would not adversely affect Bourbeuse's or Fidelity's operations or ratepayers.

In support of the application, the Parties also state that the proposed merger will not result in the relocation of any property subject to taxation and therefore, will not have a direct, substantial or adverse impact on the tax revenues of any political subdivision in which is located any structure facilities or equipment owned and/or operated by Bourbeuse and Fidelity. Parties further state that the proposed merger would not be detrimental to the public interest because it would not adversely affect Bourbeuse's or Fidelity's operations or ratepayers.

2.

According to 4 CSR 240-2.060(6)(c), Parties have submitted balance sheets and income statements of each applicant and a balance sheet and income statement of the surviving corporation.

The Telecommunications Department Staff (Staff) has reviewed the application and believes that it meets the limited requirements of 4 CSR 240-2.060(6). Staff has no objections to the proposed merger and recommends that the Commission issue an order which: 1) approves the proposed merger of Bourbeuse into Fidelity, 2) directs Fidelity to make the necessary tariff filing(s) to incorporate the Bourbeuse exchange into Fidelity's tariff within 10 days of the effective date of the Commission's order, and 3) cancels Bourbeuse's certificate of service authority and tariff simultaneously with the effective date of Fidelity's revised tariff.

copies:
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