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May 24, 2000

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Mr. Dale Hardy Roberts
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Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

FILED²
MAY 24 2000

RE: Case No. TM-2000-493

Missouri Public
Service Commission

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

William K. Haas by MDP

William K. Haas
Deputy General Counsel
(573) 751-7510
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WKH/lb
Enclosure
cc: Counsel of Record

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

FILED²

MAY 24 2000

Missouri Public
Service Commission

Application of IDT America, Corp. for)
Approval of a Transaction Whereby IDT)
America, Corp., Will Acquire Selected)
Customers of MCI WorldCom)
Communications, Inc.)

Case No. TM-2000-493

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through one of its attorneys, and for its Recommendation in this case, states as follows:

1. On February 10, 2000, IDT America Corp. (IDT), a competitive telecommunications company, filed an application for approval of a transaction whereby IDT will acquire selected customers of MCI WorldCom Communications, Inc. (MCI). In addition, IDT seeks a waiver of 4 CSR 240-33.150, which relates to applicable authorization and verification requirements for the change of customers' primary interexchange carrier.
2. Staff has reviewed this Application filed pursuant to §392.300 RSMo and 4 CSR 240-2.060(5), which is now 4 CSR 240-2.060(7).
3. The Commission may not withhold its approval of an asset transfer unless it is detrimental to the public interest. See State ex rel Fee Fee Trunk Sewer, Inv. v. Litz, 596 S. W. 2d 466, 468 (Mo. App. E.D. 1980). In the attached Memorandum, which is marked Appendix A, the Staff states that "...any transaction solely involving competitively classified companies, is

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not detrimental to the public interest since a customer can freely switch to another provider.” Therefore, the proposed transaction is not detrimental to the public interest.

4. A waiver can be granted if the reasons for the proposed variance or waiver...sets out “good cause” for the granting of the waiver, see 4 CSR 240-2.060(14). Staff indicates in its memorandum that customers involved in the transaction will be given adequate notice of the change in provider and they will also have an opportunity to switch to another provider at IDT’s expense. Therefore, Staff believes that “good cause” exists to grant the waiver cited above.

WHEREFORE, the Staff respectfully recommends that the Commission enter an Order which:

- A. Approves the application whereby IDT acquires selected customers of MCI WorldCom Communications, Inc.
- B. Directs IDT to make necessary tariff filings to amend its tariff within 30 days of the effective date of the Commission’s Order.
- C. Grants the waiver of 4 CSR 240-33.150.

Respectfully submitted,

DANA K. JOYCE
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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 24th day of May, 2000.

William K. Haas by MDP

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Case No. TM-2000-493
IDT America, Corp.
MCI WorldCom Communications, Inc.

From: Sherri Murphy *SM*
Telecommunications Department

[Signature] 5/19/00
Utility Operations Division/Date

Wm K Nass 5/22/00
General Counsel's Office/Date

Subject: Staff Recommendation to Approve IDT America, Corp.'s Acquisition of Selected Customers of MCI WorldCom Communications, Inc.

Date: May 19, 2000

On February 10, 2000, IDT America, Corp. (IDT), a competitive telecommunications company, filed an application for approval of a transaction whereby IDT will acquire selected customers of MCI WorldCom Communications, Inc. (MCI). MCI was not a party to the application.

On March 9, 2000, the Commission issued a Notice and Order Directing Supplemental Pleading which directed IDT to file additional information required under 4 CSR 240-2.060(5), in particular, a tax impact statement and a statement of pending or final judgements which involve customer service or rates. On April 12, 2000, IDT filed its Supplemental Pleading which states that the acquisition of the former MCI customers will have no impact on the tax revenues of any political subdivisions of the State of Missouri. The pleading also states that IDT is not aware of any pending or final judgements or decisions against it from any state or federal agency that involve customer service or rates.

IDT was certificated to provide interexchange telecommunications service on November 23, 1998 in Case No. TA-99-97. The selected customers IDT seeks to acquire are currently served by MCI. According to the application, IDT previously served as an agent for MCI and acquired these customers for MCI. The application states that MCI has decided to terminate service to these customers and agreed to transfer these customer accounts to Applicant pursuant to the agreement. The agreement referred to is a Rebiller Services Agreement between IDT and MCI. There are 357 residential and business customers in Missouri affected by this transfer. IDT contends that it will provide interexchange telecommunications service to these customers under the same or better rates as provided by MCI. IDT will provide notice to the customers regarding the change in the interexchange service provider. The customers will have the right to switch to another interexchange service provider and IDT will reimburse them for any primary interexchange carrier change charges in connection with the switch. Also, customers will be able to contact IDT via a toll-free number with any questions regarding the change. After consummation of the transfer, IDT will send another notification letter welcoming customers and explaining their choices. Thus, the affected customers will be

sufficiently notified of the transaction and their rights before and after the transaction. IDT requests a waiver of the applicable subscriber authorization and verification requirement for the change of customers' primary interexchange carrier, 4 CSR 240-33.150.

Because IDT's tariff only includes prepaid calling card and 800/888 service, IDT will have to amend its tariff to include the applicable MCI services and rates that these customers are currently receiving from MCI. According to the application, unless authority is granted, there is a potential for a service disruption since MCI has decided to discontinue providing interexchange services to these customers. IDT is unable to provide a date of expected disconnection of service by MCI, but they did confirm that the transfer of customers to IDT will occur as soon as all required regulatory approvals are obtained.

Staff recommends approval of the application. Staff also recommends that the Commission direct IDT to make the necessary tariff filing to amend its tariff within 30 days of the effective date of the Commission's order. Lastly, Staff recommends that the Commission waive 4 CSR 240-33.150 for this transaction for good cause shown. The Staff believes that customers will be given adequate notice of the change in provider and they will also have an opportunity to switch to another provider at IDT's expense. Any transaction, solely involving competitively classified companies, is not detrimental to the public interest since a customer can freely switch to another provider. The Staff is unaware of any other filing which affects or which would be affected by this proposal.

**Service List for
Case No. TM-2000-493
May 24, 2000**

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