

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

In the matter of the Application of Qwest )  
Communications Corporation for Approval of ) **Case No. TM-2008-0101**  
Corporate Restructuring )

**STAFF RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission (Staff) and states:

1. On October 18, 2007, the Commission issued its Order Directing Filing (Order) directing the Staff to file, by no later than October 31, 2007, a pleading addressing both the issue of jurisdiction in this matter and informing the Commission when it will file its recommendation. Accordingly, the Staff submits its recommendation in its Memorandum, attached hereto as Appendix A and incorporated by reference herein.

2. Qwest Communications Corporation (QCC) filed its verified Application on October 9, 2007. QCC requests Commission approval of, or a finding of lack of jurisdiction over, a proposed internal corporate restructuring involving the merger of two wholly-owned subsidiaries of QCC into QCC. The two companies to be merged into QCC are Qwest Communications International, Inc. (QIS) and Phoenix Telecom, Inc. (PTI).

3. According to QCC's Application:

- a) QCC is a Delaware corporation headquartered in Colorado and provides telecommunications services in all 50 states;
- b) QCC is certificated in Missouri to provide operator and basic telecommunications services and has been providing service for more than ten years;

- c) QCC is the direct corporate parent of PTI and QIS, both of which are wholly-owned subsidiaries of QCC;
- d) PTI is a Delaware corporation headquartered in Colorado. PTI is not a telecommunications provider and is not certificated at the FCC or in Missouri. PTI has no customers, assets, tariffs, or employees.
- e) QIS is a Delaware corporation headquartered in Colorado. QIS is not a telecommunications provider and is not certificated at the FCC or in Missouri.
- f) The proposed transaction does not involve the transfer of assets or customers and does not impact Missouri customers.
- g) QCC counsel has informed Staff counsel this transaction involves no transfer of stock.
- h) The purpose of this proposed internal corporate restructuring is to enable QCC to realize administrative efficiencies and reduce costs, improving QCC's ability to compete in a highly competitive market for telecommunication services.

4. Section 392.300.1 RSMo (2000) generally provides that no telecommunications company may sell, assign, lease or transfer "the whole or any part of its franchise, facilities or system" or merge its "line or system or franchises" with any other corporation, person or public utility without first obtaining permission from the Commission. Commission Rule 4 CSR 240-3.525 provides, in addition to requirements of 4 CSR 240-2.060(1), that competitive telecommunications companies under Missouri jurisdiction provide certain information to the Commission concerning the companies' mergers, acquisitions or consolidations.

5. Because QCC is under Missouri jurisdiction, its proposed consolidation falls under the broad ambit of Section 393.300.1. Commission Rule 4 CSR 240-3.525(2)(D) requires the Commission to make a public interest determination in this matter.

6. Because the transaction proposed by QCC involves no transfer of assets, stock, operations, or customers, and because such consolidation is transparent to QCC's Missouri customers, there is no detriment to the public interest. Therefore, for the above-stated reasons and for reasons stated in Staff's verified Memorandum, the Commission should issue an order approving QCC's *Application For Approval of Corporate Restructuring*.

**WHEREFORE**, Staff recommends the Commission issue an order approving QCC's *Application For Approval of Corporate Restructuring*.

Respectfully submitted,

/s/ **Robert S. Berlin**

Robert S. Berlin

Senior Counsel

Missouri Bar No. 51709

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360

Jefferson City, MO 65102

(573) 526-7779 (Telephone)

(573) 751-9285 (Fax)

[bob.berlin@psc.mo.gov](mailto:bob.berlin@psc.mo.gov)

### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 29th day of October 2007.

/s/ **Robert S. Berlin**

## Memorandum

To: Missouri Public Service Commission Official Case File  
Case No. TM-2008-0101

From: Sara Buyak, Telecommunications Department  
William Voight      10-29-07      Bob Berlin      10-29-07  
Utility Operations Division/Date      General Counsel's Office/Date

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

Date: October 29, 2007

**The Telecommunications Department Staff (Staff) recommends the Commission** (check, as applicable):

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> <b>Approve Merger</b><br><b>4 CSR 240-3.525</b>            | <input type="checkbox"/> <b>Approve Consolidation</b><br><b>4 CSR 240-3.525</b>                  | <input type="checkbox"/> <b>Approve Sale of Assets</b><br><b>4 CSR 240-3.520</b> |
| <input type="checkbox"/> <b>Approve Name Change</b><br><b>4 CSR 240-3.545(20)</b>              |  |  |
| <input type="checkbox"/> <b>Cancel Certificate(s) &amp; Tariff(s)</b><br><b>392.410.5 RSMo</b> | <input type="checkbox"/> <b>Approve Certificate(s) &amp; Tariff(s)</b><br><b>4 CSR 240-3.510</b> |  |

According to Commission rule 4 CSR 240-2.060 and the rule(s) specifically cited above, competitively classified companies are required to provide information in applications to merge, consolidate or sell/transfer assets. Based on the information provided to Staff, Staff does not believe this particular transaction will be detrimental to the public interest for the following reason(s) (check all that apply):

- ☐ This transaction solely involves competitively classified companies.
- ☐ Customers have/will receive advance notice.
- ☐ Customers can switch to another provider.
- ☐ Customers will continue to receive service at the same rates, terms and conditions.
- ☒ Other: Quest Communications Corporation is a competitively classified company.

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
Qwest Communications Corporation	X	X							
Qwest Internet Solutions, Inc.									
Phoenix Telecom, Inc.									

\*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 notified.

☐ Customers will be notified at least 30 days prior to being switched to a different company.  
(4 CSR 240-3.525)

#### Company Name Change Notification

☐ Company has notified its customers of the name change.

☐ 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? ☐ Yes ☒ No

If yes, a copy of the bankruptcy order is attached.

#### Competitive Company Transaction Review Items

##### Administrative:

☒ Application solely involves competitively classified companies. **Only Qwest Communications Corporation is classified as competitive in Missouri.**

☒ 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 No. TA-2000-309

*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 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:    )

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

In the Matter of the Application of Qwest )  
Communications Corporation for Approval )  
of Corporate Restructuring )  
)  
)  
)

Case No. TM-2008-0101

**AFFIDAVIT OF Sara Buyak**

STATE OF MISSOURI )  
) ss:  
COUNTY OF COLE )

Sara Buyak, employee of the Missouri Public Service Commission, being of lawful age and after being duly sworn, states that she has participated in preparing the accompanying staff recommendation, and that the facts therein are true and correct to the best of her knowledge and belief.

  
Sara Buyak

Subscribed and affirmed before me this 29<sup>th</sup> day of October 2007.  
I am commissioned as a notary public within the County of Callaway,  
State of Missouri and my commission expires on 9-21-10



SUSAN L. SUNDERMEYER  
My Commission Expires  
September 21, 2010  
Callaway County  
Commission #06942086

  
NOTARY PUBLIC