

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

Joint Application of Claricom Networks,)
LLC and Matrix Telecom, Inc., for)
Expedited Approval of the Transfer of)
Membership Interests and the Merger of)
Claricom Networks, LLC and Matrix)
Telecom, Inc.)

Case No. TM-2006-0206
Tariff File No. YX-2006-0420

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and for its recommendation states:

1. On November 10, 2005, Claricom Networks, LLC and Matrix Telecom Inc., filed a joint application requesting that the Commission approve a merger of Claricom into its affiliate Matrix. Further, the applicants stated that they need expedited treatment because the merger is scheduled to close on December 31, 2005. The applicants therefore requested that the Commission rule on the application on or before December 31, 2005.

2. On December 1, 2005, Matrix submitted a new tariff Mo. P.S.C. No. 5 (Tariff File No. YX-2006-0420) to replace its existing tariff Mo. P.S.C. No. 3. Tariff No. 5 adds Claricom's rate plans so that the customers to be acquired from Claricom may continue to receive service generally at the same rates, terms and conditions. Tariff No. 5 also increases a few rates. Tariff No. 5 has a proposed effective date of December 31, 2005.

3. On December 7, 2005, the applicants supplemented their application with a copy of the notice to Matrix's customers describing the rate increases and a copy of the notice to Claricom's customers describing both the proposed merger with Matrix and the rate increases. The applicants note that Claricom's customers are being provided with only 24 days notice of the merger, and ask for a waiver of the requirement in 4 CSR 240-33.150 for 30 days prior notice.

4. Section 392.300.1 RSMo generally provides that no telecommunications company shall merge its line, system or franchise, or any part thereof, with any other corporation, person or public utility without having first secured from the Commission an order authorizing it to do so.

5. The standard for approval of a merger is that the merger will not be detrimental to the public interest. *In the Matter of the Application of WorldCom, Inc. and MFS Communications Company, Inc.*, 5 Mo. P.S.C. 3d 312,315 (1996).

6. The Commission may grant a variance from a provision of 4 CSR 240 Chapter 33 for good cause. See 4 CSR 240-33.100 and 4 CSR 240-2.060(4).

7. In the attached Memorandum, labeled Appendix A, the Staff opines that the proposed merger of Claricom into Matrix is not detrimental to the public interest. Also, because Claricom's seven Missouri customers will not experience any disruptions to service, the Staff recommends waiver of the 30-day notice requirement of 4 CSR 240-33.150.

WHEREFORE, the Staff recommends that the Commission approve the merger of Claricom into Matrix, waive the 30-day notice requirement of 4 CSR 240-33.150, approve Matrix's tariff Mo. P.S.C. No. 5 and cancel its tariff Mo. P.S.C. No. 3 effective December 31, 2005, and direct Matrix to file a pleading with the Commission after the merger is completed so that Claricom's certificate and tariff may be cancelled.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/ William K. Haas
William K. Haas
Deputy General Counsel
Missouri Bar No. 28701

Attorney for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-7510 (Telephone)
(573) 751-9285 (Fax)
william.haas@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 13th day of December 2005.

/s/ William K. Haas
William K. Haas