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March 8, 2000

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Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. TM-2000-419

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and fourteen (14) 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,

Cliff E. Snodgrass
Senior Counsel
(573) 751-3966
(573) 751-9285 (Fax)

CES:sw
Enclosure
cc: Counsel of Record

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

Application for Approval *Nunc Pro Tunc*)
of a Transfer of Assets from USTel, Inc,)
and Arcada, Inc. to OneStar Long)
Distance, Inc.

Case No. TM-2000-419

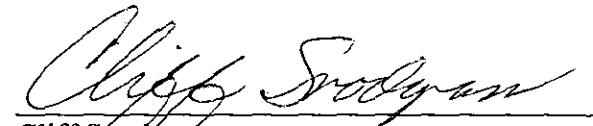
STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff) pursuant to the authority contained in the Missouri Code of State Regulations, specifically, 4 CSR 240-2.060 (5) and §392.300 RSMo 1994, and for its Recommendation states:

1. In the attached Memorandum, which is labeled Appendix A, the Staff recommends that the Missouri Public Service Commission issue an Order which:
 - A. Prospectively approves the transfer of Ustel and Arcada's Dial 1+ Customer Base to OneStar Long Distance, Inc.

Respectfully submitted,

DANA K. JOYCE
General Counsel

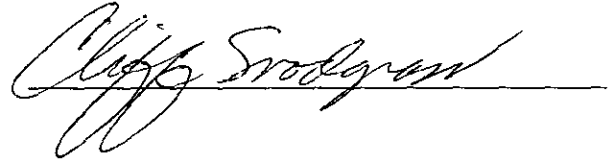


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Certificate of Service

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 8th day of March, 2000.

A handwritten signature in cursive script, reading "Cliff Srodgaw", is written over a horizontal line.

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Tariff File No. Case No. TM-2000-419

From: Shawnee Claiborn-Pinto *SCP*
Telecommunications Department

Ben Voigt for JUE 03-07-00
Utility Operations Division/Date

Wm K Hara 3/8/00
General Counsel's Office/Date

*3-8-2000
CES*

Subject: Staff Recommendation to Approve the Transfer of Assets from USTel, Inc. and Arcada Communications, Inc. to OneStar Long Distance, Inc.

Date: March 3, 2000

On January 12, 2000, OneStar Long Distance, Inc., (OneStar), a competitive interexchange telecommunications company, filed an application for the approval of the purchase of the USTel, Inc. (USTel) and Arcada Communications, Inc. (in Missouri as, S.V.V Sales, Inc., d/b/a Arcada Communications) assets. The assets included the long distance customer base, Arcada wireless/cellular customer accounts, equipment, names, deposits and refunds, franchises, permits, licenses, authorizations, books and records. The only asset purchased in Missouri however, was the long distance customer base (227 active customers).

Arcada Communications, Inc. (Arcada) is a subsidiary of USTel; the cases were combined in bankruptcy court and are combined for the purpose of this case, TM-2000-419. Also on January 12, 2000, OneStar submitted direct testimony of Laura Collier, OneStar regulatory supervisor, to supplement the application.

OneStar was granted a certificate of service authority to provide interexchange telecommunications services in Case TA-98-50. On March 10, 1999, USTel and Arcada filed for Chapter 11 bankruptcy with the United States Bankruptcy Court of the Western District of Washington (Docket No 99-02632). In connection with its plan for relief under Chapter 11, USTel and Arcada solicited offers for its telecommunications assets, and OneStar responded. The parties reached an agreement whereby USTel and Arcada would sell its assets, including its long distance customer base. This agreement was approved by the Bankruptcy Court on July 13, 1999.

OneStar updated its tariff to provide service for USTel and Arcada customers under the same terms and conditions provided by USTel and Arcada. There were 227 active USTel and Arcada customers in Missouri and OneStar reports that there was no detrimental impact on customers as a result of this transaction. OneStar notified customers of the transition by letter (attached to application) and reports no complaints from customers since the transition.

OneStar states that there are no final judgments against it from any state or federal agency and states that it will be providing the services for USTel and Arcada customers under OneStar's current tariff (which has been updated to offer USTel and Arcada customers similar rate plans).

The Telecommunications Department Staff (Staff) has reviewed the application for the transfer of assets and has no objections to the proposed transaction. The Company asked for the transfer to be approved *nunc pro tunc*. However, Staff recommends the Commission issue an order to approve the transfer of USTel and Arcada's Dial 1+ Customer Base to OneStar, *prospectively*. The Staff is unaware of any filing that affects or would be affected by this transfer.

**Service List for
Case No. TM-2000-419
March 8, 2000**

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