

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 20th day
of March, 2007.

In the Matter of the Joint Application of Sage)
Telecom, Inc. and SP Sage, LLC, for Approval)
of a Transfer of Control of Sage Telecom, Inc.) **Case No. TM-2007-0288**

ORDER APPROVING JOINT APPLICATION

Issue Date: March 20, 2007

Effective Date: March 30, 2007

Syllabus: This order approves a Joint Application for approval of a proposed transaction to transfer control of Sage Telecom, Inc., from its multiple shareholders to SP Sage, LLC, with Sage Telecom, Inc., surviving as a wholly owned subsidiary of SP Sage, LLC.

On January 30, 2007, Sage Telecom, Inc. (Sage Telecom) and SP Sage, LLC (SP Sage) applied to the Commission for authority to merge Sage Telecom with and into a subsidiary of SP Sage (Merger Sub)¹ with Sage Telecom surviving the merger as a wholly owned subsidiary of SP Sage.² Along with their application, Sage Telecom and SP Sage filed a request for expedited treatment contending that a Commission ruling on or before March 30, 2007, would be in the public interest. In support of their motion, applicants

¹ Merger Sub will be formed for the express purpose of merging with and into Sage Telecom. Merger Sub will be a wholly owned subsidiary of SP Sage. (Joint Application p. 4)

² Sage Telecom and SP Sage attached a pre-transaction and a post-transaction organizational chart as Attachment B to their application.

contend that for various important business and financial reasons, they need the transaction to be closed as quickly as possible, but no later than March 30, 2007.

Sage Telecom, together with its subsidiary Sage Telecom of Texas, LP, is a competitive provider of local and long distance phone services and Internet access in twelve states, including Missouri. The Commission granted Sage Telecom a certificate to provide resold and facilities-based local telecommunications services in Case No. TA-2002-29, and a certificate to provide interexchange telecommunications service in Case No. TA-2002-30.

SP Sage is a limited liability company organized under the laws of the State of Delaware and is part of a family of entities that engage in credit-related investment activity. SP Sage's sole manager is SP Sage Investments, LLC, which in turn is managed by Edward Mulé, and Robert O'Shea, and Michael Gatto.

Sage Telecom and SP Sage state that the proposed transaction is not detrimental to the public interest. They state that Sage Telecom will continue to provide the same services under the same terms and conditions that it currently provides its customers. Further, the merger would strengthen Sage Telecom's competitive position, thereby promoting competition in the telecommunications market.

On February 27, 2007, the Commission's Staff filed its verified recommendation. Staff notes that Section 392.300, RSMo 2000, governs mergers. The Commission may approve an asset transfer if it is "not detrimental to the public interest."³ Staff agrees that the Commission's approval of the merger will not be detrimental to the public interest.

³ *State ex rel. Fee Fee Trunk Sewer, Inc. v Litz*, 596 S.W. 2d 466, 468 (Mo. App. E.D. 1980).

Having reviewed the verified Staff Recommendation and Joint Application, which are hereby admitted into evidence, the Commission finds that the proposed transaction is not detrimental to the public interest and that the Commission should therefore approve it. The Commission notes the proposed merger involves a competitively classified telecommunications company, Sage Telecom. The Commission further notes that Sage Telecom will survive the merger and continue to provide service to its Missouri customers under its Commission-approved tariffs.

IT IS ORDERED THAT:

1. The Joint Application of Sage Telecom, Inc., and SP Sage LLC for Approval of Transfer of Control of Sage Telecom, Inc., is approved.
2. This order shall become effective on March 30, 2007.
3. This case may be closed on March 31, 2007.

BY THE COMMISSION



Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Gaw, Clayton and Appling, CC., concur

Voss, Regulatory Law Judge