

**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 December, 2007.

In the Matter of the Application of)
)
PRIMUS TELECOMMUNICATIONS, INC.)
)
and)
)
LEAST COST ROUTING, INC.)
)
For Approval of an Internal Reorganization.)

Case No. XM-2008-0186
Tariff No. YX-2008-0367

ORDER APPROVING JOINT APPLICATION AND APPROVING TARIFF

Issue Date: December 20, 2007

Effective Date: January 11, 2008

Syllabus: This order approves a Joint Application for approval of an internal reorganization of Primus Telecommunications, Inc., and Least Cost Routing, Inc. The order also approves the Adoption Notice and Revised Title Page to the existing tariff of Least Cost Routing, Inc., effective January 11, 2008.

Background

On December 4, 2007, Primus Telecommunications, Inc. ("PTI") and Least Cost Routing, Inc. ("LCR," together "Applicants") filed an application, pursuant to Section 392.300, RSMo,¹ and 4 CSR 240-3.520 through 3.535, requesting Commission approval of an internal reorganization. Along with their application, Applicants filed a

¹ All statutory references throughout this order are to RSMo 2000 unless otherwise noted.

request for expedited treatment contending that a Commission ruling on or before December 31, 2007, would be in the public interest.

On December 12, 2007, PTI filed an Adoption Notice and Revised Title Page to the existing tariff No. 1 of LCR, establishing PTI's Tariff Mo P.S.C. No. 3. This tariff is only for service to the grandfathered customers served by LCR at the consummation of the merger. Accordingly, PTI would continue to provide the services to LCR's customers under the same terms and conditions as LCR's current tariff. Applicants also requested expedited treatment of the tariff filing, asking that the tariff sheets be approved to become effective on or before December 31, 2007. On December 19, 2007, the Applicants withdrew their request for expedited treatment of the tariff filing stating that due to multi-jurisdictional issues they did not want the tariffs to be approved to become effective prior to the original January 11, 2008 effective date.

The Applicants

PTI is a corporation organized under the laws of the State of Delaware, and is a wholly owned subsidiary of Primus Telecommunications Holding, Inc., which is in turn a wholly owned subsidiary of the publicly traded corporation Primus Telecommunications Group, Incorporated. PTI is a competitive provider of interexchange and local exchange telecommunications services in Missouri. The Commission granted PTI a certificate to provide interexchange and local exchange telecommunications services in Case No. TA-96-20.

LCR is a limited liability company organized under the laws of the State of Florida. LCR is a competitive provider of interexchange and local exchange

telecommunications services in Missouri. The Commission granted LCR a certificate to provide interexchange and local telecommunications services in Case No. TA-96-126.

Description of Proposed Transaction

Applicants propose to merge LCR with and into PTI, with PTI surviving. Following the merger, LCR will cease to exist and PTI will assume LCR's operations and will provide telecommunications services to LCR's customers. Therefore, LCR is also seeking to cancel its Certificate of Public Convenience and Necessity following consummation of the merger. Under the proposed Adoption Notice and Revised Title Page filed by PTI on December 12, 2007, PTI would continue to provide the services to LCR's customers under the same terms and conditions as LCR's current tariff.

Applicants' Position

The applicants state that the proposed transaction is not detrimental to the public interest. Applicants contend that the proposed reorganization will improve the operational efficiency of the companies, and that the consolidation will allow PTI to reduce operating expenses and realize operational and management efficiencies and other corporate benefits that ultimately will inure to the benefit of both PTI's and LCR's existing customers.

Applicants assert that the proposed transfer of customers to PTI will have no adverse impact on customers, because the affected customers will continue to receive their existing services at the same rates, terms and conditions as before the transfer, and any future changes in the rates, terms and conditions of service will be made consistent with Commission requirements. PTI represents that it provided advanced written notice to the affected customers more than thirty (30) days prior to the transfer, explaining the change in service provider in accordance with applicable Federal Communications Commission and

Commission requirements for changing a customer's presubscribed carrier.² The Applicants further state that the proposed transactions will not have any impact on the tax revenues of political subdivisions in Missouri, that the companies have no pending or final judgments against them from any state or federal agency that involve customer service or rates, and that they are current with Missouri assessments and fees and with filing their annual reports.

Staff Recommendation

On December 18, 2007, the Commission's Staff filed its verified recommendation regarding the application. 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.

To effectuate the requested transfer, name change, and avoid any interruption of service to LCR's existing customers, Staff recommends the Commission approve the merger, approve the adoption notice and revised title page to LCR's existing tariff, grant the motion for expedited treatment and direct PTI to notify the Commission as soon as the transaction is executed so that the Commission may then cancel LCR's certificate of operating authority to provide interexchange and local exchange telecommunications service. Staff notes that this transaction involves only competitively classified companies, that the customers involved received advanced notice, that these customers will retain the option to switch to another provider, and that these customers will continue to receive the

² On December 19, 2007, Applicants filed a copy of the Customer Notice sent to all active customers of LCR.

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

same service at the same rates, terms and conditions of their current service providers. Additionally, Staff states that the transaction will have no effect on tax revenues pursuant to 4 CSR 240-3.520(F) or 4 CSR 240-3.525(F).

Decision

Having reviewed the verified Staff Recommendation, Joint Application, and the Adoption Notice and Revised Title Page to the existing tariff of LCR, 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 competitively classified telecommunications companies. The Commission further notes that PTI will survive the merger and continue to provide service to its Missouri customers under Commission-approved tariffs. The Commission also finds that the Adoption Notice and Revised Title Page to the existing tariff No. 1 of LCR should be approved to become effective on January 11, 2008, and LCR's certificate and tariff should be cancelled upon completion of the merger.

IT IS ORDERED THAT:

1. The Joint Application for approval of an internal reorganization of Primus Telecommunications, Inc., and Least Cost Routing, Inc., is approved.
2. The proposed tariff sheets submitted by Primus Telecommunications, Inc., in this case are approved to become effective on and after January 11, 2008. The specific sheets approved are:

MO P.S.C. No. 3
Original Adoption Notice No. 1
Revised Title Sheet

3. Primus Telecommunications, Inc., and Least Cost Routing, Inc., shall notify the Commission within ten days of the completion of their merger.

4. Upon receipt of notice that the merger of Primus Telecommunications, Inc., and Least Cost Routing, Inc., is completed, the Commission shall issue an order cancelling Least Cost Routing, Inc.'s certificates.

5. This order shall become effective on January 11, 2008.

BY THE COMMISSION



Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Clayton,
Appling, and Jarrett, CC., Concur.

Voss, Regulatory Law Judge