

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

In the Matter of the Application of Reduced)
Rate Long Distance, LLC and Horizon)
Telecom, Inc. for Approval of a Transfer of) Case No. XM-2008-0371
Assets)

STAFF MEMORANDUM AND RECOMMENDATION

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

1. On May 27, 2008, Reduced Rate Long Distance, LLC (RRLD) and Horizon Telecom, Inc. (Horizon) filed a joint application seeking approval of a transfer of assets wherein RRLD will acquire the assets of Horizon including customer accounts.

2. The Commission granted RRLD a certificate of service authority to provide interexchange telecommunications services in Case No. TA-2002-55. Horizon was granted a certificate of service authority to provide interexchange telecommunications services in Case No. XA-2003-0180. Both companies are in good standing with the Missouri Secretary of State.

3. On July 7, 2008, the joint applicants filed revised tariff sheets and a Motion for Expedited Treatment and approval of their tariff pages by July 19, 2008, or as soon thereafter as the Commission’s final order approving the transfer is effective.

4. The transfer of assets is governed by Section 392.300 and 4 CSR 240-3.520. Applicable case law provides that the Commission may “not withhold its approval of the disposition of assets unless it can be shown that such disposition is detrimental to the public interest.” *State ex rel. Fee Fee Trunk Sewer, Inc. v. Litz*, 596 S.W.2d 466, 468 (Mo.App. E.D. 1980), citing to *State ex rel. City of St. Louis v. Public Serv. Comm’n of Mo.*, 73 S.W.2d 393, 400 (Mo. banc 1934).

5. In the attached Memorandum, the Staff summarizes its review of the transaction between the Applicants, and concludes that the transfer of assets will not be detrimental to the public interest. Staff recommends that the Commission approve the sale of assets, grant expedited treatment, approve RRLD's tariffs before August 6, 2008, and cancel Horizon's certificate and tariffs.

WHEREFORE, Staff recommends the Commission approve the application and tariff sheets at its earliest convenience.

Respectfully submitted,

/s/ Steven C. Reed

Steven C. Reed
Chief Litigation Counsel
Missouri Bar No. 40616

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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 17th day of July, 2008.

/s/ Steven C. Reed

Memorandum

To: Missouri Public Service Commission Official Case File
Case No. XM-2008-0371 File No. YX-2009-0027

From: Lisa Mahaney, Telecommunications Department
William Voight 7/16/08 Steven Reed 7/16/08
Utility Operations Division/Date General Counsel's Office/Date

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

Date: 7/16/08

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

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

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:

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
Horizon Telecom, Inc.	X		X		C			No. 1	
Reduced Rate Long Distance, LLC		X		X					No. 1

*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.

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.

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:)

Tariff review items (applicable for all competitively classified companies):

- The tariff complies with requirements reviewed by Staff for any competitive telecommunications company tariff filing.

Attachment to XM-2008-0371

Applicant has requested expedited treatment and Staff has no objection to the following tariff pages for Reduced Rate Long Distance, LLC going into effect before the requested date of August 6, 2008:

P.S.C. Mo. Tariff No. 1, Original Sheet 28

P.S.C. Mo. Tariff No. 1, Original Sheet 29

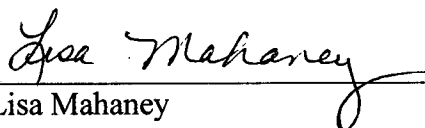
**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of)	
Reduced Rate Long Distance, LLC and)	Case No. XM-2008-0371
Horizon Telecom, Inc. for Approval of a)	Tariff Filing No. YX-2009-0027
Transfer of Assets)	

AFFIDAVIT OF LISA MAHANEY

STATE OF MISSOURI)
) ss:
COUNTY OF COLE)

Lisa Mahaney, 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 memorandum, and that the facts therein are true and correct to the best of her knowledge and belief.



Lisa Mahaney

Subscribed and affirmed before me this 16th day of July 2008
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