

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 19th day of
December, 2005.

Joint Application of Claricom Networks, LLC and)	
Matrix Telecom, Inc. for Expedited Approval of the)	<u>Case No. TM-2006-0206</u>
Transfer of Membership Interests and the Merger)	Tariff No. YX-2006-0420
of Claricom Networks, LLC and Matrix Telecom, Inc.)	

ORDER APPROVING JOINT APPLICATION

Issue Date: December 19, 2005

Effective Date: December 31, 2005

Syllabus

This order approves a Joint Application for transfer of membership interests and ultimate merger of Claricom Networks, LLC into Matrix Telecom, Inc.

The Applicants

On November 9, 2005, Claricom Networks, LLC, and Matrix Telecom, Inc., applied to the Commission for authority to transfer Claricom's membership interests to Matrix and to ultimately merge Claricom into Matrix. The Commission granted Claricom a certificate to provide interexchange and non-switched local exchange telecommunications services in Case No. TA-98-47. The Commission granted Matrix a certificate of service authority to provide interexchange and non-switched local exchange telecommunications services in Case No. XA-2004-0238, and a certificate of service authority to provide basic local exchange services in Case No. CA-2005-0393.

The Corporate Structure

Stacom Holdings LLC is a holding company. Stacom holds 100% of Claricom's membership interests.

EnergyTRACS Acquisition Corp. is a holding company. ETAC holds all of Matrix's stock. In turn, both Stacom and ETAC are owned by Platinum Equity, LLC.

The Transaction

Claricom and Matrix wish to transfer Claricom's membership interests. Stacom currently holds those interests. Claricom and Matrix want to transfer Claricom's membership interests to Platinum, who will then transfer them to ETAC, who will ultimately transfer them to Matrix. The parties hope to complete this transaction on December 31, 2005. Once the transaction is completed, Claricom would cease to exist and Matrix would be the surviving entity.¹

Claricom and Matrix stated that the proposed transaction is not detrimental to the public interest. They stated that Matrix will provide the same services under the same terms and conditions that Claricom currently provides its customers. Also, the merger would strengthen Matrix's competitive position, thereby promoting competition in the telecommunications market. Claricom and Matrix stated that they intend to give at least 30 days' notice to customers of the merger.

¹ Claricom and Matrix attached a pre-transaction and a post-transaction organizational chart as Attachment C to their application. Because the charts contain highly confidential information, Attachment C is not affixed to this order.

Claricom and Matrix amended their application on November 30. The amended application included a slightly different customer notice, and the applicants' merger agreement.

On December 1, Matrix filed a new tariff, Mo. P.S.C. No. 5, which bears an effective date of December 31, 2005. Matrix intends for that tariff to replace Mo. P.S.C. No. 3.

On December 7, Claricom and Matrix again amended their application. Claricom and Matrix stated that Mo. P.S.C. No. 5 had some rate increases. In light of those increases, they created two new customer notices, one for Claricom customers and one for Matrix customers. Claricom and Matrix sent those notices to their customers on December 7.

In addition, they asked the Commission to waive Commission Rule 4 CSR 240-33.150(4)(B) (the "anti-slamming rule"). That rule requires telecommunications carriers to give at least 30 days' notice of a carrier change due to a merger. Claricom and Matrix state that Claricom only has seven customers, and that the 24 days' notice to those seven customers fulfills the rule's goal.

Discussion

On December 13, 2005, Staff filed its 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."²

² See *In re WorldCom*, 5 Mo. P.S.C.3d 312, 315 (1996).

Staff agrees that the Commission's approval of the merger will not be detrimental to the public interest. Staff recommends that the Commission approve the merger and waive the requirements of 4 CSR 240-33.150.

The Commission has reviewed the application and Staff's recommendation. 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 that the merger involves competitively classified companies, and that Claricom and Matrix customers received notice of the merger and can freely change carriers.

Also, the Commission finds that it should waive the requirements of 4 CSR 240-33.150. According to Commission Rules 4 CSR 240-2.060(4), and 4 CSR 240-33.100, the Commission may waive a Chapter 33 rule for good cause. The Commission finds that good cause exists to waive the rule. Claricom has only seven Missouri customers, who each are on 24 days' notice of the merger. Those customers' service will not be disrupted, and they can change carriers if they wish.

IT IS THEREFORE ORDERED:

1. That the Joint Application for transfer of membership interests and ultimate merger of Claricom Networks, LLC into Matrix Telecom, Inc., is approved.
2. That a waiver of 4 CSR 240-33.150 is granted.
3. That the following tariff that Matrix Telecom, Inc., filed on December 1, 2005, assigned Tariff No. YX-2006-0420, is approved effective December 31, 2005:

Missouri P.S.C. Tariff No. 5
Original Sheets 1 through 42

4. That the following tariff of Matrix Telecom, Inc., assigned Tariff No. JX-2003-0704, is canceled effective December 31, 2005:

Missouri P.S.C. Tariff No. 3
Original Sheets 1 through 39

5. That Matrix Telecom, Inc., shall file a pleading in this case informing the Commission of when the merger is completed, so the Commission can cancel the certificate of service authority and tariff of Claricom Networks, LLC.

6. That this order shall become effective on December 31, 2005.

BY THE COMMISSION



Colleen M. Dale
Secretary

(S E A L)

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

Pridgin, Regulatory Law Judge