

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 9th
day of April, 1996.

In the matter of an application of MIDCOM)
Communications Inc. for authority to)
acquire the Missouri customer base of Global)
Wats One, Inc.)

CASE NO. TM-96-104

ORDER APPROVING ACQUISITION OF ASSETS

On September 29, 1995, MIDCOM Communications Inc. (MIDCOM) filed an application seeking approval of the Missouri Public Service Commission (Commission) for the acquisition of certain assets of Global Wats, One Inc. (Global) by MIDCOM. The proposed transaction involves the acquisition of the Missouri customer base of Global by MIDCOM from Global's successor-in-interest, CAT Limited Interests (CAT). A copy of the Customer Base Purchase And Sale Agreement between MIDCOM and CAT was filed under seal as Exhibit 1.

MIDCOM is a Washington State corporation with its principal place of business located at 1111 Third Avenue, Suite 1600, Seattle, Washington 98101. MIDCOM was certificated by the Commission to provide intrastate interexchange telecommunications services on August 28, 1991, in Case No. TA-91-379. Global is a Florida corporation with its principal place of business located at 5731 Lyons View Drive, Knoxville, Tennessee 37919. Global was certificated by the Commission to provide intrastate interexchange telecommunications services on June 28, 1994, in Case No. TA-94-332. CAT is an Isle of Man corporation with its principal place of business located at SKYE Suite, Mollfort House, 2 Water Street, Ramsey, Isle of Man IM2HP.

In its application MIDCOM explains that CAT purchased a security interest in Global's assets from one of Global's creditors after Global defaulted on a loan owed to that creditor. Through foreclosure of this security interest, CAT became the successor in interest of Global, such that Global's customer base and other assets were assigned to CAT. MIDCOM states that it signed a Customer Base Purchase And Sale Agreement with CAT on August 3, 1995, in which MIDCOM agreed to acquire the following assets: (1) Global's former customer accounts; (2) all accounts receivable related to the customer accounts; and (3) a license to the names "Global" and "Global Telemedia." It is the transfer of the intrastate portion of the Missouri customer base for which Commission approval is sought. MIDCOM further indicates that MIDCOM will bill Global's former customers under the rates, terms, and conditions of Global's Commission-approved tariff pending Commission approval of MIDCOM's application, after which MIDCOM will assume Global's Missouri operations in their entirety, and will then serve and bill Global's former customers under the rates, terms, and conditions of MIDCOM's Commission-approved tariff. MIDCOM notes that its rates are generally at or below those of Global's current tariffed rates.

In addition, MIDCOM states that the proposed transaction will not be detrimental to the public interest in that MIDCOM's strong financial and organizational standing, coupled with its volume service procurement agreements with underlying carriers, enable it to provide Global's former customers with comprehensive, cost-effective long distance services. In addition, MIDCOM and Global utilize largely the same underlying carrier network services, so that the high level of service quality and reliability currently enjoyed by Global's former customers will remain unaffected, and there will be no impairment or interruption of service to Missouri customers as a result of the acquisition. Finally, MIDCOM points out that

the customer base is currently in the possession of CAT, which has neither the authority nor the capacity to provide long distance services to these customers. In contrast, MIDCOM has the authority and the resources to provide services to these customers in a seamless fashion.

The Staff of the Missouri Public Service Commission (Staff) filed a memorandum containing its recommendation on February 23, 1996. Staff first details the certification history of MIDCOM and Global, along with the particulars of the proposed transaction. Staff indicates that it has no objections to the proposed transaction, but was uncertain as to the appropriate action to take regarding Global's certificate of service authority and tariff. Staff states that it first tried to contact Global at its last known telephone number in Knoxville, Tennessee, and was advised that the number had been disconnected and that there was no new listing. Staff then called the telephone number listed on Global's 1994 Annual Report, and was advised that the number was not Global's telephone number. Staff states that it later contacted the Missouri Secretary of State's office, and was advised that Global had failed to file its 1995 Annual Report and would be administratively dissolved some time in April 1996 if Global failed to file a report before that time. Staff explains that it next contacted Global's registered agent, Prentice-Hall Legal and Financial Services, 222 East Dunklin, Jefferson City, Missouri, and was advised that they were uncertain as to Global's current whereabouts, but that they would try to contact them if ordered to do so.

Staff maintains that Global's failure to inform the Commission of its current address and telephone number is a justifiable reason to consider canceling Global's certificate of service authority. Staff therefore recommends that the Commission issue an order approving the proposed transaction between MIDCOM and CAT, directing MIDCOM to transfer

the former Global customers to MIDCOM's tariff within 30 days of the effective date of the order, and sending notice to Global's Registered Agent that Global's certificate of service authority and accompanying tariff will be canceled at the end of 30 days if Global does not contact the Commission and specifically request that it be allowed to retain its certificate and tariff.

Upon review of the verified application and attachments thereto, and Staff's recommendation, the Commission finds that the customer base of Global is currently in the possession of CAT, an entity which has neither the authority nor capacity to provide long distance services to these customers, and that MIDCOM has both the authority and the resources to provide services to these customers in a seamless fashion. The Commission also finds that since MIDCOM and Global utilize largely the same underlying carrier network services, service quality and reliability for Global's former customers should remain unaffected. Thus, the Commission finds that the proposed transaction is not detrimental to the public interest.

In addition, the Commission further finds that Staff has made a good faith effort to contact Global, and that a copy of this order should be sent to Global's Registered Agent in its stead. The Commission is of the opinion that Global should be given 30 days in which to contact the Commission and show cause why its certificate and tariff should not be canceled. The Commission will also direct the Staff to file a memorandum at the end of 30 days from the effective date of this order, indicating whether Global has contacted the Commission, and if so, whether Global has shown sufficient justification for its failure to keep the Commission informed of its current address and telephone number, or whether Staff still believes that cancellation of Global's certificate and tariff is

warranted. If Global has not contacted the Commission, Staff should indicate whether the Missouri Secretary of State has administratively dissolved the corporation.

IT IS THEREFORE ORDERED:

1. That the application of MIDCOM Communications Inc. for authority to acquire the Missouri customer base of Global Wats One, Inc. through Global's successor-in-interest, CAT Limited Interests, is hereby approved.

2. That MIDCOM Communications Inc. may purchase whatever interest CAT Limited Interests may have in the customer base and other assets of Global Wats One, Inc., in accordance with the Customer Base Purchase and Sale Agreement filed under seal as Exhibit 1.

3. That MIDCOM Communications Inc. is hereby directed to have all of the former customers of Global Wats One, Inc. transferred to the tariff of MIDCOM Communications Inc. within thirty (30) days of the effective date of this order.

4. That MIDCOM Communications Inc. is hereby authorized to take any and all other actions necessary to effectuate the transaction contemplated by the application and this order.

5. That MIDCOM Communications Inc. shall file a pleading with the Missouri Public Service Commission notifying the Commission of whether and when the acquisition of assets has been completed.

6. That the Records Department of the Missouri Public Service Commission shall send a copy of this order to the Registered Agent of Global Wats One, Inc., Prentice-Hall Legal and Financial Services, 222 East Dunklin, Jefferson City, Missouri 65101.

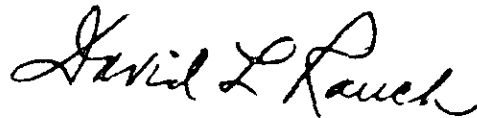
7. That Global Wats One, Inc. shall have a period of thirty (30) days from the effective date of this order in which to contact the

Commission and show cause why its certificate and tariff should not be canceled.

8. That the Staff of the Missouri Public Service Commission shall file a memorandum at the end of thirty (30) days from the effective date of this order, as directed in the body of this order.

9. That this order shall become effective on April 19, 1996.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Zobrist, Chm., McClure, Kincheloe,
Crumpton, and Drainer, CC., Concur.