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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 15th  
day of September, 1998.

In the Matter of the Joint Application of )  
Star Telecommunications, Inc. and PT-1 )  
Communications, Inc. for Approval of ) Case No. TM-98-574  
Agreement and Plan of Merger and Assignment )  
of Certification )

ORDER APPROVING MERGER

Star Telecommunications, Inc. (Star) and PT-1 Communications, Inc. (PT-1) filed a Joint Application on June 22, 1998, asking the Commission to approve Star's acquisition of PT-1. The acquisition will be accomplished through the merger of a wholly-owned subsidiary of Star (formed for this purpose) with PT-1, in which PT-1 will be the surviving company and will thus become a wholly-owned subsidiary of Star.

PT-1 is an intrastate interexchange telecommunications company in Missouri and 24 other states. PT-1 is a privately held company providing intrastate telecommunications services primarily through the use of prepaid calling cards. Star is a multinational company that provides interstate long distance telecommunications services between various states, but does not provide intrastate services in Missouri.

The Joint Application, as filed, provided that PT-1 would transfer its certificate of service authority to a wholly-owned subsidiary limited partnership, PT-1 Phonenumber, Inc. (Phonenumber), but by

letter dated August 20, the joint applicants notified the Commission that they no longer intended to transfer the certificate. Applicants now intend to continue to provide services through PT-1, just as before the proposed acquisition.

The Staff of the Commission (Staff) filed a Memorandum on August 26, 1998, in which it recommends the Commission approve the transaction. Staff believes the proposed transaction will result in cost savings for both companies through marketing and administrative efficiencies. Staff expects the acquisition to be virtually transparent to customers of PT-1.

Staff opposed the provisions of the application pursuant to which the services now offered by PT-1 would be offered after the acquisition by Phonecard. Since the joint applicants withdrew their request for approval of those provisions, this is no longer an issue. Nonetheless, Staff recommends that the Commission approve the creation of Phonecard. Because there is no longer a question in this case of such a subsidiary being assigned PT-1's certificate and coming under the Commission's jurisdiction, the Commission will neither approve nor disapprove of the creation by PT-1 of a subsidiary.

On September 3, the joint applicants filed a motion for expedited treatment. The joint applicants allege no grounds for expedited treatment, but simply state that they wish to consummate the merger as soon as possible. The joint applicants also state that they are willing to waive the traditional ten day effective date on a Commission order approving the merger, and request that an order be issued September 15 with an effective date of September 20. Since the joint applicants give no reason for them to receive expedited treatment, the Commission will

deny the motion. The Commission will, however, comply with the joint applicants' request to issue the order with an effective date of September 20.

The Commission has reviewed the application, the accompanying documentation, and Staff's recommendation, and finds that the proposed acquisition and merger will have no adverse impact on the Missouri customers of PT-1. Therefore, the Commission finds that the transaction is not detrimental to the public interest and should be approved.

**IT IS THEREFORE ORDERED:**

1. That the Joint Application filed by Star Telecommunications, Inc. and PT-1 Communications, Inc. on June 22, 1998, as modified by their letter filed August 20, 1998, is approved.

2. That the applicants are authorized to consummate the acquisition of PT-1 Communications, Inc. by Star Telecommunications, Inc.

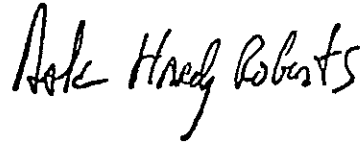
3. That the parties are authorized to take any and all actions necessary to effect the acquisition and merger authorized by this order.

4. That Star Telecommunications, Inc. and PT-1 Communications, Inc. shall advise the Commission within ten days after the merger is consummated.

5. That the Motion for Expedited Consideration of Application filed on September 3, 1998 by Star Telecommunications, Inc. and PT-1 Communications, Inc. is denied.

6. That this order shall become effective on September 20, 1998.

BY THE COMMISSION

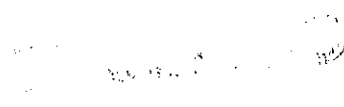


Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge

( S E A L )

Crumpton, Murray, Schemenauer  
and Drainer, CC., concur.  
Lumpe, Ch., absent.

Mills, Deputy Chief Regulatory Law Judge



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COMMISSION COUNSEL  
PUBLIC SERVICE COMMISSION