

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 8th
day of March, 1996.

In the matter of the application of: Clear Choice)
Communications, Inc. and VarTec Telecom, Inc.) CASE NO. TM-96-150
d/b/a Clear Choice Communications for transfer)
of certificate of service and sale of assets.)

ORDER APPROVING SALE OF ASSETS

On November 8, 1995, Clear Choice Communications, Inc. (Clear Choice) and VarTec Telecom, Inc. (VarTec) filed an application pursuant to Section 392.300, RSMo 1994, seeking approval of the Missouri Public Service Commission (Commission) for the sale of certain Clear Choice assets to VarTec. The assets to be sold and transferred include the following: (a) all of Clear Choice's Missouri customer base; (b) the rights to all billing contracts currently effective between Clear Choice and applicable LECs and/or billing agents; (c) the Carrier Identification Code of Clear Choice, "636"; (d) the circuits leased by Clear Choice and approved by VarTec; (e) the assignment of Clear Choice's name, logo, and trademarks; (f) all applicable licenses, tariffs registrations and certifications; (g) historical customer files and associated billing records; and (h) any and all "800" telephone numbers associated with the customer base, including, but not limited to, toll-free Customer Service numbers. Applicants have filed a copy of the Asset Purchase and Sale Agreement on a confidential basis as Exhibit "B".

Clear Choice is an Oklahoma corporation certificated by the Commission to provide intrastate interexchange telecommunications services on December 9, 1994, in Case No. TA-95-116. VarTec is a Texas corporation

certificated by the Commission to provide intrastate interexchange telecommunications services on March 17, 1992, in Case No. TA-92-117.

In their application Clear Choice and VarTec explain that after consummation of the transaction, VarTec intends to offer telecommunications services in Missouri under two names -- its corporate name of VarTec Telecom, Inc., and a fictitious name, VarTec Telecom, Inc. d/b/a Clear Choice Communications. Applicants have attached a copy of the Registration of Fictitious Name to the application as Exhibit "A". Applicants seek to transfer the current certificate of service authority held by Clear Choice to VarTec as VarTec Telecom, Inc. d/b/a Clear Choice Communications. Applicants also state that VarTec intends to file a separate tariff under the name of VarTec Telecom, Inc. d/b/a Clear Choice Communications which will be identical with the tariff now being used by Clear Choice.

In addition, Applicants state that the transaction is in the public interest, as the transaction will have no adverse affect on the quality of service provided to any Missouri customers, and customer rates will not increase as the result of the acquisition. Applicants state that the transfer will be undertaken in a seamless fashion that will not affect the provision of intrastate services. In addition, Applicants explain that customers will continue to be able to purchase the same high quality products and services that they currently receive under the same rates, terms, and conditions, and that VarTec is qualified to accommodate the growth in Clear Choice's customer base, and to continue to provide Clear Choice's customers with the service to which they have become accustomed.

The Staff of the Missouri Public Service Commission (Staff) filed a memorandum containing its recommendations on February 15, 1996. Staff details the certification history of Clear Choice and VarTec, along with the particulars of the proposed transaction. Staff states that

approval of the transfer of assets would strengthen the ability of VarTec to provide high quality telecommunications services to the public, and notes that the transfer of assets will improve the ability of VarTec to achieve economies of scale, which are important to a carrier's ability to compete effectively in the market. Staff emphasizes that VarTec will provide service in the state of Missouri under two names, its corporate name and its fictitious name, with two separate certificates of service and two separate tariffs. Additionally, Staff states that it has reviewed the application of Clear Choice and VarTec and recommends approval of the proposed transfer. Staff notes that approval of the transfer should include a transfer of Clear Choice's certificate to VarTec Telecom, Inc. d/b/a Clear Choice Communications and the cancellation of Clear Choice's existing tariff, with both the transfer and cancellation to become effective on the effective date of the tariff required to be filed by VarTec Telecom, Inc. d/b/a Clear Choice Communications.

Upon review of the verified application and attachments thereto, and Staff's recommendation, the Commission finds that the proposed transaction will allow VarTec to increase its customer base, while preserving for Clear Choice's current customers the same products and services they currently receive under the same rates, terms, and conditions. The Commission is of the opinion that the increase in customer base will allow VarTec to achieve economies of scale, which are important to a carrier's ability to compete effectively in the market. Thus, the Commission finds that the proposed transaction is not detrimental to the public interest.

IT IS THEREFORE ORDERED:

1. That the sale of certain assets of Clear Choice Communications, Inc. to VarTec Telecom, Inc. in accordance with the Asset

Purchase and Sale Agreement attached to the application as Exhibit "B" is hereby approved.

2. That Clear Choice Communications, Inc. and VarTec Telecom, Inc. are authorized hereby to enter into, execute, and perform in accordance with all other documents reasonably necessary to effectuate the asset sale transaction contemplated by the application and this order.

3. That Clear Choice Communications, Inc. and VarTec Telecom, Inc. are hereby authorized to take any and all other actions necessary to effectuate the asset sale transaction contemplated by the application and this order.

4. That Clear Choice Communications, Inc. or VarTec Telecom, Inc. shall file a pleading with the Missouri Public Service Commission notifying the Commission of the closing date of the asset sale transaction within ten (10) days after the completion of the transaction.


5. That VarTec Telecom, Inc. shall file under the name VarTec Telecom, Inc. d/b/a Clear Choice Communications a proposed thirty-day tariff within ten (10) days of the effective date of this order, identical with the tariff currently used by Clear Choice Communications, Inc.

6. That the certificate of service authority currently granted to Clear Choice Communications, Inc. is hereby transferred to VarTec Telecom, Inc. under the name of VarTec Telecom, Inc. d/b/a Clear Choice Communications, effective simultaneously with the effective date of the tariff required to be filed by VarTec Telecom, Inc. d/b/a Clear Choice Communications pursuant to Ordered Paragraph 5 above.

7. That the current tariff of Clear Choice Communications, Inc. shall be cancelled effective simultaneously with the effective date of the tariff required to be filed by VarTec Telecom, Inc. d/b/a Clear Choice Communications pursuant to Ordered Paragraph 5 above.

8. That this Order shall become effective on March 19, 1996.

BY THE COMMISSION



David L. Rauch

David L. Rauch
Executive Secretary

(S E A L)

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

