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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 10th
day of June, 1998.

In the Matter of the Joint Application of SmarTalk)
TeleServices, Inc. and American Express Telecom,)
Inc. for an Order Authorizing the Acquisition by) Case No. TM-98-409
Stock Purchase by SmarTalk TeleServices, Inc. of)
American Express Telecom, Inc.)
)

ORDER APPROVING ACQUISITION

SmarTalk TeleServices, Inc. (SmarTalk) and American Express Telecom, Inc. (AETI), filed a joint application on March 30, 1998, asking the Commission to authorize the acquisition by stock purchase agreement of AETI by SmarTalk. Both SmarTalk and AETI are certificated to provide telecommunications services in Missouri, and therefore this transaction comes under the jurisdiction of the Commission.

SmarTalk was granted authority by the Commission to provide intrastate interexchange telecommunications services in Missouri on October 25, 1995, in Case No. TA-96-48. SmarTalk is a California corporation with principal offices in Los Angeles, California.

AETI was granted authority by the Commission to provide intrastate interexchange telecommunications services in Missouri on September 30, 1995, in Case No. TA-96-33. AETI is a Delaware corporation with its corporate offices in Salt Lake City, Utah.

SmarTalk and AETI entered into a Stock Purchase Agreement on December 22, 1997, which would result in AETI merging into SmarTalk. SmarTalk will be the surviving entity after the merger. The applicants state that upon approval of the acquisition, SmarTalk will amend its tariff

to include AETI's prepaid products. The applicants also state that after the acquisition is complete, AETI will cancel its certificate and withdraw its tariff.

The applicants state that the proposed acquisition will have no impact on the tax revenues of any political subdivision in Missouri. The applicants also state that there are no pending or final judgments or decisions against SmarTalk from any state or federal agency which involve customer service or rates.

The Staff of the Commission (Staff) filed a Memorandum on May 20, 1998, indicating that the acquisition would further the public interest by enhancing SmarTalk's competitive viability and that the transaction will appear seamless to current SmarTalk and AETI customers. The Staff also recommended that the acquisition be approved, that SmarTalk be directed to make the necessary tariff filings to add AETI's debit card service and rates to SmarTalk's tariff within 30 days from the effective date of the order approving the acquisition, and to cancel AETI's certificate of service authority to provide interexchange telecommunications service and its accompanying tariff 60 days from the effective date of the order approving the acquisition.

The Commission has reviewed the application and Staff's recommendation, and determines that the proposed acquisition of stock will have no adverse impact on the Missouri customers of SmarTalk or AETI. Therefore, the Commission determines that the transaction is not detrimental to the public interest and should be approved.

IT IS THEREFORE ORDERED:

1. That the application filed by SmarTalk TeleServices, Inc., and American Express Telecom, Inc., on March 30, 1998, is approved.

2. That SmarTalk TeleServices, Inc., is authorized to acquire control of American Express Telecom, Inc., by stock purchase.

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

4. That SmarTalk TeleServices, Inc., shall make the necessary tariff filing to add American Express Telecom, Inc.'s debit card service and rates to SmarTalk's tariff within 30 days from the effective date of this order.

5. That American Express Telecom, Inc.'s certificate of service authority to provide interexchange telecommunications service and its accompanying tariff shall be canceled on August 24, 1998.

6. That SmarTalk TeleServices, Inc., shall file notification with the Commission no later than ten days after the closing date of the transaction authorized by this order.

7. That this order shall become effective on June 23, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

Dippell, Regulatory Law Judge