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September 27, 2000

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Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. TM-2000-653

FILED²
SEP 27 2000

Missouri Public
Service Commission

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of a **STAFF RECOMMENDATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Cliff E. Snodgrass
Senior Counsel
(573) 751-3966
(573) 751-9285 (Fax)

CES:sw
Enclosure
cc: Counsel of Record

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²
SEP 27 2000
Missouri Public
Service Commission

Application For Approval Of the Merger)
By and Among World Access, Inc.,)
WorldxChange Communications, Inc., and)
Communication Telesystems International)
d/b/a WorldxChange)

Case No. TM-2000-653

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (Staff), by and through one of its attorneys, and for its Recommendation states the following:

1. On April 14, 2000, World Access, Inc. (WAXS), a non-regulated holding Company, and Communication TeleSystems International d/b/a Worldxchange Communications (CTI), a competitive Missouri regulated interexchange carrier (Case No. TA-95-115), filed an Application for Approval of a merger between Worldxchange Communications, Inc. (WCI) an uncertificated corporation and CTI. After the merger between WCI and CTI, WCI will be the surviving corporation, and WCI will be a wholly owned subsidiary of WAXS.

2. The standard for approval of a merger is that the merger will not be detrimental to the public interest. See, In the Matter of the Application of WorldCom, Inc. and MFS Communications Company, Inc. for Approval and Plan of Merger, and Related Transactions, 5 Mo. P.S.C. 3d 312, 315 (1996).

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3. In the attached Memorandum, which is labeled Appendix A, the Staff summarizes its review of the application and recommends that the Commission enter an Order which:

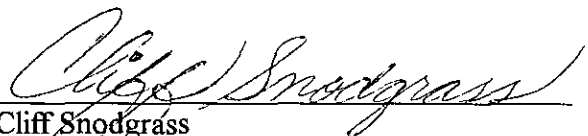
A. Approves the proposed merger between WCI and CTI, upon or after the approval of WCI's Certificate of Authority to Provide Interexchange Service.

B. Conditions merger approval either upon WCI having its own tariff then in effect or upon WCI's immediate adoption of CTI's tariff pursuant to 4 CSR 240-30.010 (22).

C. Directs WCI to file a pleading within 10 ten days after the merger to notify the Commission that CTI's Certificate (and its tariff, if not adopted by WCI) may then be cancelled.

Respectfully submitted,

DANA K. JOYCE
General Counsel

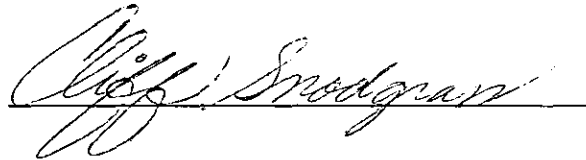


Cliff Snodgrass
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Missouri Bar No. 52302

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 27th day of September, 2000.

A handwritten signature in cursive script, reading "Cliff Snodgrass", is written over a horizontal line.

MEMORANDUM

To: Missouri Public Service Commission Official Case File
Case No. TM-2000-653

From: Walt Cecil *WC*
Telecommunications Department

Bird 09-26-00
Utility Operations Division/Date

Wm K Haas 9/27/00
General Counsel's Office/Date

65-9-27-2000

Subject: Staff's Recommendation to Approve Proposed Merger

Date: September 26, 2000

On April 14, 2000, World Access, Inc. (WAXS), a non-regulated holding company, and Communication TeleSystems International d/b/a WORLDxCHANGE Communications (CTI), a competitive interexchange carrier, Case No. TA-95-115, (collectively, Applicants), filed an Application for Approval of the Merger between WorldxChange Communications, Inc. (WCI) an uncertificated firm and CTI. After the merger between WCI and CTI, WCI will be the surviving entity and will be a wholly owned subsidiary of WAXS. As a result of the merger, WAXS will hold all of CTI's issued and outstanding stock. The Applicants further requested that the interexchange certification and tariff held by CTI be transferred to WCI.

The Telecommunications Department Staff (Staff) informed Counsel for WCI that a certificate for authority to provide service could not be transferred and that WCI would need to file an Application for Authority to Offer Interexchange Telecommunications Services. WCI filed such an application on June 20, 2000 in Case No. TA-2000-850 which is pending before the Commission.

The merger of WCI with CTI will require Commission approval and such approval should not be granted until the approval of WCI's Interexchange Certificate is granted. In addition, merger approval should be expressly conditioned upon either upon WCI having its own tariff in effect at the time of the merger, or upon WCI's immediate adoption of CTI's tariff pursuant to the provisions of 4 CSR 240-30.010 (22) when the merger occurs.

According to the Applicants, the merger of WCI and CTI will be transparent to and have no negative impact on CTI's current customers. Also, according to the Applicants, there are no pending or final judgments against WCI by any federal or state agency by which the firm's services and rates are regulated, there will be no impact on the tax revenues of any such political subdivision in Missouri.

According to 4CSR 240-2.060(3), competitively classified companies are exempt from providing certain information such as public interest information in applications to merge, consolidate, or sell/transfer assets. Based on the limited information provided to Staff, Staff does not believe the transaction will be detrimental to the public interest. Any transaction solely involving competitively

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classified companies is not detrimental to the public interest since a customer can freely switch to another provider.

The Staff recommends that the Commission authorize the proposed merger upon or after approval of WCI's Certificate of Authority to Provide Interexchange Service. The Staff also recommends that the Commission's merger authorization condition execution of the merger either upon WCI having its own tariff then in effect or upon its then immediate adoption of CTI's tariff pursuant 4CSR 240-30.010(22). The Staff further recommends that the Commission direct WCI to file a pleading within 10 days after the merger to notify the Commission that CTI's Certificate (and its tariff, if not adopted by WCI) may then be cancelled.

Service List for
Case No. TM-2000-653
Revised: September 27, 2000 (SW)

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