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CASE NO. TM-97-288

Applicants explain that as a part of the Share Exchange Agreement, Network will acquire all of the issued and outstanding shares of the stock of UWI, and the stockholders of UWI will receive a designated number of shares of the common stock of Network as set forth in the Agreement. A draft of the Share Exchange Agreement is attached to the application as Exhibit A. As a result of the proposed transaction, UWI will become a wholly-owned subsidiary of Network. However, Applicants state that UWI

will continue to operate as a regulated entity pursuant to its present operating authority and tariffs. Applicants further explain that the technical, managerial, and financial personnel of Network and UWI will remain the same after the transaction, and that the customers of UWI will continue to receive the same high-quality service presently rendered to them. In addition, Applicants note that since the two affected entities will continue to do business as separate corporations, there should be no change in the tax revenues of the State of Missouri or any political subdivision therein.

In support of their application, Applicants state that the proposed transaction will not be detrimental to the public interest because cost savings via discounts on quantity ordering of materials and services will streamline the level of service for all involved customers. By virtue of the transaction, Network will realize significant economic, marketing, and administrative efficiencies. As a result of the heightened level of operating efficiencies, Applicants contend that they will be able to compete in the market place and provide telecommunications services for a greater number of Missouri customers at competitive rates. In addition, Applicants note that the proposed transaction will be beneficial for the shareholders of Network, since Network will be acquiring a growing company with a significant revenue stream, which should be a profitable addition to the Network family of businesses. Likewise, the proposed transaction will be beneficial to the shareholders of UWI, since it will have access to the larger capital base of Network, thus its operation will more readily increase in size and profitability.

The Staff of the Commission (Staff) filed a memorandum containing its recommendations on November 5. Staff states that under the proposed Share Exchange Agreement, UWI will become a wholly-owned subsidiary of Network.

In addition, Staff maintains that approval of the proposed Agreement will not be detrimental to the public interest, since each entity will continue to operate in its respective present capacity and to continue to provide customers the same quality service presently rendered to them. Staff states that it has reviewed the application and believes that it meets the limited requirements of 4 CSR 240-2.060(5). Staff has no objections to the proposed transaction and recommends approval of the Agreement. Staff adds that it is unaware of any other filings which would affect or which would be affected by this proposal.

Upon review of the verified application and the attachments thereto, and Staff's recommendation, the Commission finds that the practical effect of the proposed transaction is a change in the ownership of the common stock of UWI. The Commission further finds that UWI will continue to operate in all respects as it presently operates. The change in stock ownership will help both Network and UWI realize economic, marketing, and administrative efficiencies, which will enhance competition in the telecommunications market in Missouri. Thus, the Commission finds that the proposed transaction is not detrimental to the public interest.

IT IS THEREFORE ORDERED:

1. That Network Long Distance, Inc. is authorized to acquire all of the issued and outstanding shares of stock in United Wats, Inc. pursuant to the Share Exchange Agreement described in the application filed on January 24, 1997.

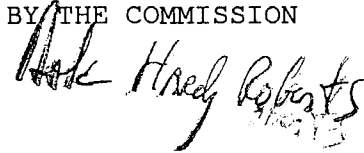
2. That Network Long Distance, Inc. and United Wats, Inc. are authorized to take any and all other actions necessary to effectuate the share exchange agreement contemplated by the application and this order.

3. That Network Long Distance, Inc. shall file a pleading with the Missouri Public Service Commission notifying the Commission of the

consummation of the proposed transaction within 10 days after the completion of the transaction.

4. That this order shall become effective on December 2, 1997.

BY THE COMMISSION

A handwritten signature in dark ink, appearing to read "Dale Hardy Roberts", written over the printed text "BY THE COMMISSION".

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton,
Murray, and Drainer, CC., Concur.

Bensavage, Regulatory Law Judge