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At a session of the Public Service Commission held at its office in Jefferson City on the 8th day of October, 1997.

In the Matter of the Application of Network Long Distance, Inc. for Authority to Acquire Certain Assets of Mo-Tel, Inc. d/b/a Call America.)
) Case No. TM-96-445
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)

ORDER APPROVING SALE OF ASSETS

On June 19, 1996, Network Long Distance, Inc. (Network), filed an application pursuant to Sections 392.290 and 392.300, RSMo 1994, seeking approval of the Missouri Public Service Commission (Commission) to acquire certain assets of Mo-Tel, Inc. d/b/a Call America (Mo-Tel) referred to as Qualified Customer Accounts (QCAs). QCAs are end users that are not affiliated with Mo-Tel, have no outstanding balance, use the WilTel platform for 1+ direct dial and 800 number service, use a travel card platform acceptable to the purchaser, and are not on credit hold by WilTel or any other underlying provider. The assets to be sold and transferred include the following: a) all QCAs including all customer lists, mailing lists, books, records, files, data, letters of agency and similar items related to QCAs, b) all accounts receivable associated with and derived from the QCAs and other mutually agreed to accounts receivable, c) all of Mo-Tel's rights under any agreements, application forms, term contracts, letters of agency and all other contractual instruments related to the QCAs, including, but not limited to, Mo-Tel's right to assert claims and take other rightful action with respect to breaches, defaults and other violations of such customer contracts, and d) all customer and other

deposits held or made by Mo-Tel related to the QCAs. Network has appended a copy of the Asset Purchase Agreement to the application as Exhibit A.

Network is a publicly held Delaware corporation with its principal offices located at 525 Florida Street, Baton Rouge, Louisiana 70801. Network was certificated by the Commission to provide intrastate interexchange telecommunications service in Case No. TA-93-296, effective October 8, 1993. Mo-Tel is a privately held Nevada corporation with its principal offices located at Two Corporate Plaza, Suite 200, Newport Beach, California 92660.¹ Mo-Tel was certificated by the Commission to provide intrastate interexchange telecommunications service in Case No. TA-93-354, effective August 29, 1994.

In its application, Network states that after this sale of assets, both Network and Mo-Tel will continue to operate as interexchange resellers in Missouri. Mo-Tel will retain all assets not identified as QCAs and will retain its Missouri Certificate of Service Authority. In footnote seven, Network states that upon consummation of the transaction, Network intends to notify all current end users of Mo-Tel of the event and also of "any change in rates due to the alignment of two or more different rate products into a single rate product for common services." Notification will be either by a separate mailing or by a bill insert. To the extent that any current Mo-Tel rate products are not included in Network's tariffs, Network says it will amend its tariffs to include those rate products. In its separate June 19 filing, Network states that following the transfer of ownership of the QCAs, Network will be the company providing service to the

¹ Mo-Tel, Inc. d/b/a Call America is a wholly owned subsidiary of Universal Network Services, Inc., also a Nevada corporation.

former Mo-Tel customers under Network's Certificate of Service Authority and tariff.

Additionally, Network says in its application that this transfer of assets is in the public interest as the transaction will increase Network's size and therefore enhance the company's operating efficiencies and variety of service offerings. Network believes these enhancements will increase its appeal to existing and future customers and thereby increase competition in the marketplace. Further, Network states the transaction will result in cost savings because of discounts on quantity ordering of materials and services, and will not affect the quality of service currently enjoyed by Mo-Tel's customers.

The Staff of the Missouri Public Service Commission (Staff) filed a memorandum containing its recommendations on January 8, 1997. Staff details the certification history of Network and Mo-Tel, along with the particulars of the proposed transaction. Staff states that Mo-Tel will continue its operations as an interexchange carrier after the asset sale and will focus on the prepaid calling card business. Staff notes that the approximately 130 Mo-Tel customers affected by this transaction will not see any rate increases as they will be transferred to existing Network services having the same rates as the customer was paying or to a Network service that carries a lower rate than the customer is currently paying. Staff states customers will be notified of the proposed changes by individual letter and then again in the first Network bill. Staff adds that both companies are classified as competitive and that the affected customers can exercise their right to choose a long distance carrier by entering or exiting the carrier's service at any time and as often as the customer wishes. Staff indicates it has reviewed Network's proposed

purchase of certain assets from Mo-Tel and has no objections to the transaction. Staff also states it is unaware of any other filing which would affect or which would be affected by this proposal.

Upon review of the verified application and attachments and Staff's recommendation, the Commission finds that the proposed transaction will allow Network to generate economies of scale and therefore operate more efficiently. This will, in turn, invigorate competition in the intrastate long-distance market by making it more efficient and effective. The increased efficiency and effectiveness of competition should ultimately result in reduced rates and better services for customers. 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 Mo-Tel, Inc. d/b/a Call America to Network Long Distance, Inc. in accordance with the Asset Purchase Agreement attached to the application as Exhibit A is approved.

2. That Network Long Distance, 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.

3. That Network Long Distance, Inc., shall file an amended 30-day tariff that incorporates the former services of Mo-Tel, Inc. d/b/a Call America within thirty (30) days of the effective date of this order.

4. That Network Long Distance, Inc., and Mo-Tel, Inc. d/b/a Call America are authorized 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.

5. That Network Long Distance, Inc., and Mo-Tel, Inc. d/b/a Call America are authorized to take any and all other actions necessary to effectuate the asset sale transaction contemplated by the application and this order.

6. That this order shall become effective on October 21, 1997.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read "Cecil I. Wright", with a stylized flourish at the end.

**Cecil I. Wright
Executive Secretary**

(S E A L)

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

Hennessey, Regulatory Law Judge