

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 23rd  
day of February, 1996.

Joint application of Touch 1 Long Distance, )  
Inc. and Touch 1 Communications, Inc. for ) CASE NO. TM-96-170  
authority to transfer selected assets. )

ORDER APPROVING SALE OF ASSETS

On November 21, 1995, Touch 1 Communications, Inc. (Touch 1) and Touch 1 Long Distance, Inc. (Touch 1 Long Distance) filed an application pursuant to Section 392.300, RSMo 1994, seeking approval of the Missouri Public Service Commission (Commission) for the sale of certain Touch 1 assets to Touch 1 Long Distance. The assets to be sold and transferred include the following: (1) a customer list and associated service agreements (Customer Base); (2) revenues, reports, documentation and goodwill associated with such Customer Base; (3) all customer premises equipment located on the premises of customers included in the Customer Base; and (4) all necessary service, sales, technical and accounting records related to the Customer Base.

Touch 1 is a privately-held Alabama corporation with its principal place of business located at 100 Brookwood Road, Atmore, Alabama 36502. Touch 1 was certificated by the Commission to provide intrastate interexchange telecommunications services on November 12, 1994, in Case No. TA-95-76. Touch 1 Long Distance is an Alabama corporation wholly-owned by WorldCom, Inc., d/b/a LDDS WorldCom (WorldCom). Touch 1 Long Distance was certificated by the Commission to provide intrastate interexchange

telecommunications services on January 31, 1995, in Case No. TA-95-93. WorldCom is a publicly-held Georgia corporation with its principal place of business located at 515 East Amite Street, Jackson, Mississippi 39201.

In their application Touch 1 and Touch 1 Long Distance state that upon consummation of the transaction, Touch 1 and Touch 1 Long Distance will both continue to operate as interexchange resellers in Missouri, although Touch 1 Long Distance will become the underlying carrier for the former Customer Base of Touch 1. Applicants explain that Touch 1 will provide extensive management and customer support services to Touch 1 Long Distance pursuant to an amended management agreement executed by the Applicants contemporaneously with the asset sale agreement. Applicants add that Touch 1 Long Distance will provide Touch 1's existing customers with identical service at the same rates, terms and conditions currently enjoyed by those customers, and that Touch 1 Long Distance will amend its current tariff as necessary to duplicate the service offerings offered by Touch 1 to the customer base.

In addition, Applicants state that the transfer of assets is in the public interest, as the transaction will be virtually transparent to the customers involved, and the quality of service will remain unaltered. Applicants also state that the transaction will allow both Touch 1 and Touch 1 Long Distance to compete more effectively in the market for interexchange services in Missouri by allowing them to allocate customer services between them in the most efficient fashion, thus enabling them to better serve existing and future customers.

The Staff of the Missouri Public Service Commission (Staff) filed a memorandum containing its recommendations on February 9, 1996. Staff details the certification history of Touch 1 and Touch 1 Long Distance, along with the particulars of the proposed transaction. Staff

indicates that the transfer of assets will improve the ability of Touch 1 and Touch 1 Long Distance to achieve economies of scale which are important to a carrier's ability to compete effectively in the market. Staff also states that it has reviewed the application of Touch 1 and Touch 1 Long Distance, and recommends approval of the proposed transfer. 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 attachments thereto, and Staff's recommendation, the Commission finds that the proposed transaction will allow Touch 1 and Touch 1 Long Distance to allocate customer services between them in the most efficient fashion and thus allow them to compete more effectively for interexchange services in Missouri. In addition, the efficiency gains will allow Touch 1 and Touch 1 Long Distance to better serve existing and future customers, and therefore enhance competition in the telecommunications market in Missouri. Thus, the Commission finds that the proposed transaction is not detrimental to the public interest.

The Commission also notes that Applicants have not properly complied with 4 CSR 240-2.060(3)(B), (C), and (E), which was the Commission rule in effect at the time the application was filed. The Commission finds that it would be appropriate to grant Applicants a short period in which to come into compliance with the Commission's rule.

**IT IS THEREFORE ORDERED:**

1. That Touch 1 Communications, Inc. and Touch 1 Long Distance, Inc. shall comply with 4 CSR 240-2.060(3)(B), (C), and (E), within ten (10) days of the effective date of this order.

2. That the sale of certain assets of Touch 1 Communications, Inc. to Touch 1 Long Distance, Inc. in accordance with the asset sale agreement executed by the parties is hereby approved.

3. That Touch 1 Communications, Inc. and Touch 1 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.

4. That Touch 1 Long Distance, Inc. shall file an amended thirty-day tariff within thirty (30) days of the effective date of this order, to incorporate the former services of Touch 1 Communications, Inc. into Touch 1 Long Distance, Inc.'s tariff.

5. That Touch 1 Communications, Inc. and Touch 1 Long Distance, Inc. are hereby 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.

6. That Touch 1 Communications, Inc. and Touch 1 Long Distance, 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.

7. That this order shall become effective on March 5, 1996.

BY THE COMMISSION



David L. Rauch  
Executive Secretary

(S E A L)

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