

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 29th
day of January, 1998.

In the Matter of the Joint Application of)
ACC Corp. and US WATS, Inc. for Approval) CASE NO. TM-98-221
of Agreement and Plan of Merger.)

ORDER APPROVING MERGER

On November 26, 1997, ACC Corp. (ACC) and US WATS, Inc. (US WATS) filed an application pursuant to 4 CSR 240-2.060(5), seeking approval of the Missouri Public Service Commission (Commission) for the merger of ACC Acquisition-Blue Corp. (ACC Acquisition), a wholly-owned subsidiary of ACC, with and into US WATS, with US WATS as the surviving entity. ACC is a publicly traded Delaware corporation, and is the parent company of a number of subsidiaries, including ACC Acquisition and ACC National Long Distance Corp. (ACC National), a Missouri operating subsidiary. ACC National was certificated by the Commission to provide intrastate interexchange telecommunications services on February 15, 1995 in Case No. TA-95-154. United WATS is a publicly traded New York corporation, and was certificated by the Commission to provide intrastate interexchange telecommunications services on September 28, 1993 in Case No. TA-94-11.

The proposed transaction is structured as a merger of ACC Acquisition, a newly-formed Missouri subsidiary of ACC created specifically for the purpose of consummating the transaction, with and into US WATS, with US WATS being the surviving entity. The proposed transaction will result in a change in the corporate parent of US WATS, but will not involve a change in the manner in which US WATS provides service to its Missouri

customers. Following the completion of the proposed transaction, both US WATS and ACC National will continue to provide service to their respective customers pursuant to their existing certificates and tariffs. Thus, the proposed transaction will be virtually transparent to the customers of the two companies.

Applicants state that ACC is well qualified to acquire control of US WATS, since it has substantial financial resources and experience in providing interexchange telecommunications services to customers in over 45 states through its operating subsidiaries. By virtue of the transaction, applicants can pursue their respective marketing and business plans more effectively by combining their complementary managerial skills, financial and technical resources, and experience. As a result, applicants can increase their operational efficiency and flexibility along with their financial viability, thus enhancing their ability to offer competitively priced services in the Missouri interexchange marketplace. Applicants note that there should be no impact on the tax revenues of the State of Missouri or any political subdivision. Applicants further state that they are unaware of any pending or final judgments against them from any federal or state agency with respect to the issues of customer service or rates.

The Staff of the Commission (Staff) filed a memorandum containing its recommendations on January 22, 1998. Staff states that under the proposed transaction, ACC Acquisition will cease to exist upon completion of the merger, and US WATS as the surviving entity will become a wholly-owned subsidiary of ACC. ACC National and US WATS will continue to provide service to their respective customers under their existing tariffs and certificates of service authority. Staff notes that applicants have requested expedited approval in order to consummate the transaction no later than January 31, 1998. Staff has reviewed the application and has

no objections to the proposed merger or applicants' request for expedited treatment, and recommends approval of the proposed transaction. 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, and Staff's recommendation, the Commission finds that the effect of the proposed transaction is to make US WATS a wholly-owned subsidiary of ACC. The Commission further finds that both ACC National and US WATS will continue to operate in all respects as they presently operate. The change in ownership will help both ACC and US WATS to realize marketing, managerial, and financial 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 the merger of ACC Acquisition-Blue Corp., a wholly-owned subsidiary of ACC Corp., with and into US WATS, Inc., with US WATS, Inc. as the surviving entity, is approved in accordance with the Agreement and Plan of Merger dated October 28, 1997, attached to the parties' application as Exhibit D.

2. That ACC Corp., ACC Acquisition-Blue Corp., and US WATS, Inc. Are authorized to take any and all actions necessary to effectuate the Agreement and Plan of Merger contemplated by the application and this order.

3. That US WATS, Inc. shall file a pleading with the Missouri Public Service Commission notifying the Commission of the closing date of the merger within 10 days after completion of the transaction.

4. That this order shall become effective on February 8, 1998.

BY THE COMMISSION



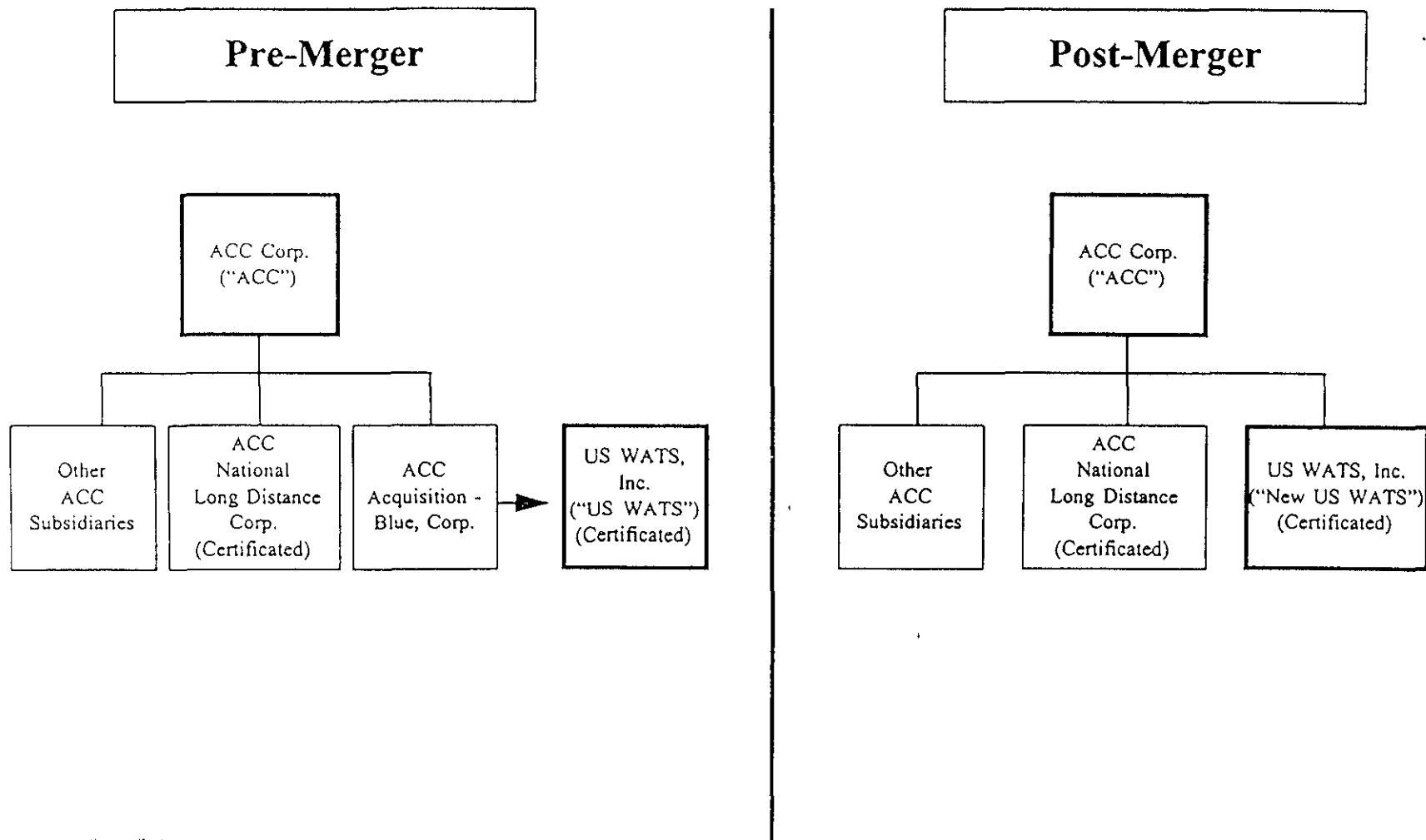
Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

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

Bensavage, Regulatory Law Judge

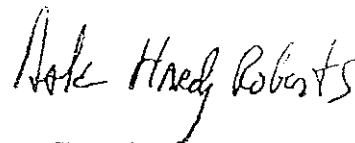
Proposed Transfer of Control of US WATS, Inc. to ACC Corp.



**STATE OF MISSOURI
OFFICE OF THE PUBLIC SERVICE COMMISSION**

**I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission, at Jefferson City,
Missouri, this 29th day of January, 1998.**



**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**