

SECRETARY'S RECORD, NEBRASKA PUBLIC SERVICE COMMISSION

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Application) Application No. C-2287
of World Access, Inc. of Atlanta,)
Georgia; STI Merger Co. and STAR)
Telecommunications, Inc. of)
Santa Barbara, California; AS) DISMISSED DUE TO LACK
Telecommunications of Santa) OF JURISDICTION
Barbara, California; and PT-1)
Communications of Flushing, New)
York, seeking approval of an)
agreement and plan of merger.) Entered: August 1, 2000

BY THE COMMISSION:

By joint application filed May 1, 2000, World Access, Inc. (WAXS) of Atlanta, Georgia; STI Merger Co. and STAR Telecommunications, Inc. (STAR) of Santa Barbara, California; AS Telecommunications (AST) of Santa Barbara, California; and PT-1 Communications, Inc. (PT-1) of Flushing, New York, seek approval of an agreement and plan of merger. Notice of the application was published in The Daily Record, Omaha, Nebraska, on May 4, 2000. No protests were filed; therefore, this application is processed pursuant to the Commission's Rule of Modified Procedure.

O P I N I O N A N D F I N D I N G S

I. The Parties

WAXS is a publicly-traded Delaware corporation principally located in Atlanta, Georgia. WAXS does not offer telecommunications services directly, but rather owns and operates several subsidiaries which do offer such services. WAXS is not a certificated carrier in Nebraska.

STAR is also a publicly-traded Delaware corporation, and is principally located in Santa Barbara, California. STAR provides switch-based and resold intrastate long distance service in ten states in the United States, and is also authorized by the Federal Communications Commission (FCC) to provide international long distance service. STAR is not a certificated carrier in Nebraska.

AST, an Arizona corporation, is a wholly-owned subsidiary of STAR. AST provides international long distance service pursuant to FCC authorization and is also certificated to provide intrastate telecommunications services in 38 states, including Nebraska. AST, formerly known as Advanced Management Services, Inc. (see Application No. C-2161), provides service in Nebraska pursuant to the Commission order entered on February 19, 1996, in Application No. C-1285.

PT-1, a New York corporation, is also a wholly-owned subsidiary of STAR. Like AST, PT-1 is authorized to provide inter-

national long distance telecommunications services, and intrastate service in 36 states. PT-1 is no longer a certificated carrier in Nebraska. The certificate granted to PT-1 in Application No. C-1527 was assigned to PT-1 Phonecard, L.P., a wholly-owned subsidiary of PT-1, on August 4, 1998 (see Application No. C-1829). Another wholly-owned subsidiary of PT-1, PT-1 Long Distance, Inc., was granted authority to provide interexchange telecommunications services on May 10, 2000, pursuant to Application No. C-2262.

II. The Transaction

The proposed transaction would result in STAR merging with and into STI Merger Co. (Merger Sub), a wholly-owned subsidiary of WAXS created specifically to facilitate the agreed upon acquisition, with Merger Sub surviving the transaction. Following the merger, Merger Sub will continue to operate, in all material aspects, as STAR currently operates, and the subsidiaries of STAR, which will become subsidiaries of Merger Sub, will also see little disruption or change in their operations.

III. Jurisdiction

In Docket No. C-1746/PI-19, the Commission examined the situations in which it has authority to approve, condition, or deny mergers, acquisitions, and other transfers of control. The Commission concluded that, based on the pertinent statutes, rules and regulations, the Commission's authority over transfers of control extends only to transactions involving certificated carriers in Nebraska.

The Commission's authority is further limited to transfers which directly affect the ownership or control of the certificated carrier. Transactions having only indirect affects on the securities of a certificated carrier, such as those involving entities at the holding company level or above, typically do not affect the actual ownership or control of the certificated entity and thus escape Commission jurisdiction.

On March 21, 2000, the Commission released its findings in Application No. C-2137/PI-32, an inquiry into the Commission's jurisdiction over the US West-Qwest merger. In that docket, the Commission determined that the merger was not subject to the Commission's jurisdiction, because the merger of US West, Inc. into Qwest Inc., neither of which were certificated in Nebraska, occurred upstream from the level of the certificated entity in Nebraska, US West Communications, Inc. The Commission reasoned that because the certificated entity, US West Communications, was not merging with any Qwest entity, would retain its separate existence, and would only experience a change in ultimate ownership, the transaction would only indirectly affect the certificate

holder and, therefore, the Commission did not have the statutory authority to approve or deny the merger.

The structure of the WAXS-STAR merger is virtually identical to the US West-Qwest merger. STAR, like US West Inc., is a non-certificated entity that will merge into another non-certificated entity and will ultimately cease to exist. The certificated entities, AST, PT-1 Phonecard, and PT-1 Long Distance, will experience a change in ownership, just as US West Communications experienced, but will not merge into any WAXS entity and will continue to provide service without undergoing any material changes. The transaction occurs at the holding company level and only indirectly affects the Nebraska certificated carriers, therefore, this Commission does not have the authority to voice its approval or disapproval over the transaction. The application should be dismissed.



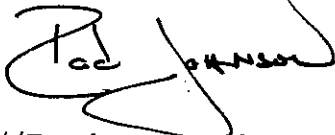
O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that Application No. C-2287 be, and it is hereby, dismissed.

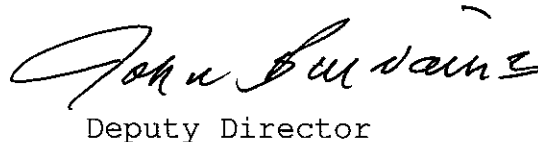
MADE AND ENTERED at Lincoln, Nebraska, this 1st day of August, 2000.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:


Chairman

ATTEST:

//s//Frank E. Landis
//s//Daniel G. Urwiller
Deputy Director

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