

BEFORE THE TENNESSEE REGULATORY AUTHORITY

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NASHVILLE, TENNESSEE AUG 26 1998

AUGUST 25, 1998

TELECOMMUNICATIONS AUTHORITY
TELECOMMUNICATIONS DIVISION

IN RE:

**JOINT APPLICATION OF SMARTALK
TELESERVICES, INC. AND AMERICAN EXPRESS
TELECOM INC., FOR APPROVAL OF A MERGER**

**DOCKET NO.
98-00003**

ORDER APPROVING MERGER AND TRANSFER OF CONTROL

This matter is before the Tennessee Regulatory Authority ("Authority") on the Joint Application of SmarTalk Teleservices, Inc., ("SmarTalk") and American Express Telecom, Inc. ("AETI") (together "Applicants") pursuant to the provisions of Tenn. Code Ann. § 65-4-112. The proposed merger will take place according to a Merger Agreement ("Agreement"), executed between SmarTalk and AETI on December 22, 1997, and filed with the Authority on January 7, 1998. The Agreement contemplates that once applicable regulatory approval has been obtained, AETI will merge with and into SmarTalk.

The Directors of the Authority considered this matter at a regularly scheduled Authority Conference on February 17, 1998. Based upon careful consideration of the joint application, the exhibits, and the entire record of this matter, the Authority finds and concludes as follows:

1. SmarTalk is a California corporation with its corporate offices in Los Angeles, California. SmarTalk provides resold long distance telecommunication services

in Tennessee pursuant to authority granted by the Tennessee Public Service Commission ("TPSC") in Docket No. 95-03091 on October 13, 1995.

2. AETI is a Delaware corporation with its corporate offices in Salt Lake City, Utah. AETI provides intrastate interexchange telecommunications services, in Tennessee pursuant to authority granted by the TPSC in Docket No. 95-02895 on August 23, 1995.

3. Pursuant to the Agreement executed on December 22, 1997, AETI will merge with and into SmarTalk. AETI's certificate to provide interexchange telecommunications services will be canceled and its tariff will be withdrawn, whereupon the debit card services offered by AETI will be offered by SmarTalk. Accordingly, SmarTalk will amend its tariff to include AETI's prepaid products. The name AETI will be used only in connection with debit cards currently in circulation.

4. According to the Joint Application, the merger will "further the public interest, including the interest of current customers, and enhance SmarTalk's competitive viability." The Applicants also state that the proposed transaction will "appear seamless to current SmarTalk and AETI customers and will not affect the provision of such services."

5. Consumers in Tennessee should benefit from the availability of increased local and long distance telecommunications products and service options. Thus, approval of the merger and transfer of control will serve the public interest.

IT IS THEREFORE ORDERED THAT:

1. The Joint Application of SmarTalk TeleServices, Inc. and American Express Telecom, Inc. for approval of the merger and transfer of control is granted;

2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within ten (10) days from and after the date of this Order; and

3. Any party aggrieved by the Authority's decision in this matter may file a Petition for Review in the Tennessee Court of Appeals, Middle Section, within sixty (60) days from and after the date of this Order.



CHAIRMAN



DIRECTOR



DIRECTOR

ATTEST:



EXECUTIVE SECRETARY