

November 14, 1997

VIA OVERNIGHT DELIVERY

Blanca S. Bayo
Director, Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

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

Dear Ms. Bayo:

On behalf of ACC Corp. ("ACC") and US WATS, Inc. ("US WATS") (collectively "the Parties"), enclosed for filing are an original and twelve (12) copies of the above-referenced notification.

Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed, stamped envelope. Should you have any questions, please do not hesitate to contact us.

Respectfully submitted,


Dana Frix
Grace R. Chiu

Counsel for ACC Corp. and US WATS, Inc.

Enclosures

cc: Daniel J. Venuti, Esq.
Kimberly A. Rosenthal, Esq.

**SWIDLER
&
BERLIN**
CHARTERED

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Blanca S. Bayo
Director, Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

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

Dear Ms. Bayo:

On behalf of ACC Corp. ("ACC") and US WATS, Inc. ("US WATS") (collectively "the Parties"), this letter is to notify the Commission of a transaction whereby ACC will acquire control of US WATS, a nondominant carrier authorized by this Commission to provide resold intrastate interexchange telecommunications services within the State of Florida. ACC's operating subsidiary -- ACC National Long Distance Corp. -- provides resold intrastate interexchange telecommunications services in the State of Florida. Neither ACC nor any of its affiliates currently are affiliated with US WATS. Attached hereto as Exhibit A is a chart which illustrates the corporate structure of the Parties prior to and immediately following consummation of the proposed transaction.

It is the understanding of the Parties that prior Commission approval is not required for the transfer of control transaction described herein. Accordingly, absent receipt of written notification to the contrary within thirty (30) days, the Parties will proceed on the understanding that no approval or other formal action with respect to the proposed transaction is required by the Commission.

An original and twelve (12) copies of this letter are enclosed. Please date-stamp the enclosed extra copy of this filing and return it in the attached self-addressed, stamped envelope.

THE TRANSACTION

ACC is a publicly traded Delaware corporation with principal offices located in Rochester, New York. ACC's operating subsidiaries are authorized to provide resold intrastate interexchange and other competitive services nationwide. In Florida, ACC National provides resold intrastate interexchange telecommunications services pursuant to certification granted by this Commission in Docket No. 941206-TL, effective March 14, 1995. ACC subsidiaries are also authorized to provide domestic interstate and international services as nondominant carriers in all 50 states and the District

DOCUMENT NUMBER-DATE

11745 NOV 17 97

Blanca S. Bayo
November 14, 1997
Page 2

of Columbia. With 1996 annual revenues in excess of \$380 million, and by virtue of its experience as the parent of an authorized resale interexchange telecommunications provider, ACC is well qualified to acquire control of US WATS.

US WATS is a publicly traded New York corporation headquartered in Bala Cynwyd, Pennsylvania. US WATS is a nondominant telecommunications carrier that is authorized to provide resold interexchange telecommunications services nationwide. In Florida, US WATS, Inc. d/b/a US WATS Enterprises, Inc. is authorized to provide intrastate interexchange services throughout the State of Florida pursuant to Certificate No. 2993, granted by this Commission in Docket No. 920122-TI, on August 13, 1992. US WATS is also authorized to provide interstate and international telecommunications services nationwide as a nondominant common carrier.

Pursuant to the Parties' Agreement and Plan of Merger, ACC Acquisition will merge with and into US WATS, with US WATS being the surviving entity. At the time of the merger, shareholders of US WATS will receive approximately .077 shares of ACC common stock in exchange for each of the issued and outstanding shares of US WATS common stock, subject to certain adjustments. Following the merger, US WATS will be a wholly owned subsidiary of ACC. Although the merger will result in a change in the corporate parent of US WATS, the transaction will not involve a change in the manner in which US WATS provides service to its Florida customers. US WATS will continue to provide high quality, affordable resold service to its Florida customers pursuant to its certificate.^{1/} Moreover, US WATS will continue to be led by a team of well-qualified telecommunications managers, comprised, in part, of existing US WATS personnel. As such, the proposed transaction will be virtually transparent to US WATS' customers in terms of the services that they receive.

Consummation of the proposed transaction will serve the public interest in promoting competition among interexchange telecommunications carriers by enhancing both ACC's and US WATS' respective ability to compete in the Florida interexchange telecommunications market. ACC and US WATS expect that the complementary managerial skills, background, and experience of ACC and US WATS will result in a company better equipped to manage their operations more efficiently, thereby enhancing the Parties' operational flexibility and efficiency as well as their financial viability. The proposed transaction will therefore benefit the public interest by ensuring the continued provision of high quality and innovative telecommunications

^{1/} Similarly, ACC National will continue to provide services to Florida customers under its existing service agreements, pursuant to its own grant of certification.

Blanca S. Bayo
November 14, 1997
Page 3

services to US WATS' existing customers and should promote competition in the Florida interexchange telecommunications service market.

Please do not hesitate to contact the undersigned with any questions or comments regarding this transaction.

Respectfully submitted,



Dana Frix, Esq.
Grace R. Chiu, Esq.

Counsel for ACC Corp. and US WATS, Inc.

Attachment

cc: Stephen Parker
US WATS, Inc.

Daniel J. Venuti, Esq.
ACC Corp.

EXHIBIT A

Illustrative Chart of Proposed Transaction

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

