

Decision 84 09 096

SEP 19 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of AMERICAN TELEPHONE
EXCHANGE, A Joint Venture Application }
for Authority to Transfer Certificate }
of Public Convenience and Necessity. }

Application 84-08-071
(Filed August 20, 1984)

O P I N I O N

By this application American Telephone Exchange (American), a joint venture, and American Telephone Exchange, Inc. (ATEI), a Nevada corporation, request authority to transfer the certificate of public convenience and necessity (CPCN) of American Telephone Exchange to ATEI. American was granted authority to provide intrastate interLATA telecommunication service by Decision (D.) 84-01-037 dated January 5, 1984.

In support of the request to authorize the transfer, the application states that American is a joint venture created and organized under the laws of the State of Nevada. The partners in the joint venture are ATEI, and Telehydro Associates (Telehydro), a limited partnership whose sole asset is its interest in American. The majority shareholder in ATEI is Gary Gugino, a United States (US) citizen and resident of Nevada. The general partner of Telehydro is Hytel, Inc., a Nevada corporation. All limited partners in Telehydro are US citizens. Hytel's shareholders, Gordon E. Beckstead, David Cooper, Robert Norman, and Robert Jerovec, are all US citizens.

With approval of the transfer of the CPCN, ATEI, Inc. and Hytel will be merged into ATEI and ATEI will acquire the assets of Telehydro. After the merger and acquisition, the ownership interest in ATEI will be substantially the same as the present ownership interest in American. ATEI proposes to do business as American Telephone Exchange.

The application states that the corporate structure is to facilitate the private placement of securities in the event it is necessary to increase future capitalization.

The combined condensed financial statements of ATEI and American attached to the application shows total assets as of May 31, 1984 of \$3,815,310, liabilities of \$3,418,036, and capital of \$397,274. There is no anticipated change in rates, service, or equipment with consummation of the proposed merger and acquisition.

The application appeared in the Commission's Daily Calendar of August 23, 1984. No protests to the application have been received.

Findings of Fact

1. American, a joint venture of ATEI and Telehydro, a limited partnership, seeks to transfer American's CPCN, which authorizes the operation as a reseller of telecommunication service, to ATEI.
2. The general partner of Telehydro is Hytel, Inc., a Nevada corporation. Telehydro's sole asset is its interest in American.
3. It is proposed that ATEI and Hytel will be merged into ATEI and ATEI will acquire the assets of Hytel.
4. ATEI the surviving entity will operate as American Telephone Exchange.
5. ATEI proposes to adopt the filed tariffs of American.
6. The public will suffer no detriment from the proposed transfer.
7. No protests to the transfer have been received.
8. A public hearing is not necessary.

Conclusions of Law

1. The proposed transfer will not be adverse to the public interest. The application should be granted.
2. The order should become effective today as there are no protests and the matter is not controversial.
3. This authorization is not a finding of the value of the rights and properties to be transferred.

O R D E R

IT IS ORDERED that:

1. American Telephone Exchange, a joint venture, may sell and transfer, and American Telephone Exchange, Inc. (ATEI) may acquire the certificate of public convenience and necessity which authorizes reselling of interLATA telecommunication service.

2. Within 30 days after the consummation of the transfer authorized, ATEI shall notify the Commission, in writing, of that fact and within that period shall file with the Commission a true copy of the instrument executed to effect the transfer.

3. After the effective date of this order, and not less than five days before the actual transfer, ATEI shall file with the Commission a notice of adoption of the presently filed tariffs of the transferor in accordance with the procedure prescribed by General Order 96-A. The effective date of notice of adoption shall be concurrent with the date of actual transfer.

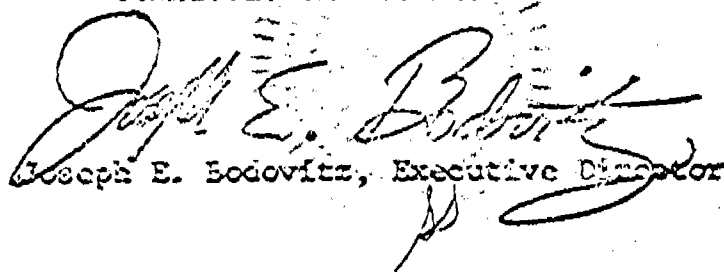
This order is effective today.

Dated SEP 19 1984, at San Francisco, California.

Commissioner William T. Bagley
being necessarily absent, did
not participate.

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director