

MAY 12 1988

Decision 88 05 040 MAY 11 1988**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
Teleconnect Company (U-1530-C) to)	
transfer, and Teleconnect Long)	Application 88-03-023
Distance Services and Systems)	(Filed March 10, 1988)
Company, to acquire certain assets)	
of Teleconnect Company.)	

OPINION

This is an application in which Teleconnect Company (Teleconnect) seeks authority to sell and transfer its assets, including operating authority, to Teleconnect Long Distance Services and Systems Company (Long Distance).

Notice of the filing of the application appeared in the Commission's Daily Calendar on March 16, 1988. There are no protests.

The Commission makes the following findings and conclusion.

Findings of Fact

1. A public hearing is not necessary in this matter.
2. Teleconnect (U-5130-C) is an Iowa corporation qualified to do business in California. It received authority to provide intrastate long distance telephone service in Decision (D.) 87-09-012.

Teleconnect's Distance Dialing Division (Distance Division) provides long distance services to customers in California, Iowa, Texas, Illinois, Wisconsin, South Dakota, Missouri, Kansas, Nebraska, and Colorado.

3. Long Distance is an Iowa corporation which is qualified to do business in California. It was created pursuant to a recent corporate restructuring of Teleconnect, under which four subsidiary corporations were formed to carry out the majority of those

operations formerly performed by Teleconnect's five divisions. The names of Teleconnect's four newly created, wholly owned subsidiaries are Teleconnect Telecommunication Systems Company, Teleconnect Long Distance Services and Systems Company, Teleconnect Directory Company and Teleconnect Data Base Marketing Company.

Under the new corporate structure, Teleconnect will transfer the assets of its various operating divisions to the corresponding subsidiary in exchange for equity and debt instruments. Teleconnect will own all of the outstanding common stock of each subsidiary. The assets proposed to be transferred to Long Distance will be comprised essentially of those now operated by Distance Division.

4. Under the corporate restructuring plan Teleconnect's assets would be transferred to Long Distance for capital stock. Ownership would remain in the same shareholders. A copy of the restructuring plan is attached to the application as Exhibit 1.

5. As of December 31, 1987, Long Distance had total current assets of \$20,457,509 and total assets of \$47,970,927.

6. Long Distance has the ability, including financial ability, to acquire the designated operating authority and assets of Teleconnect and continue its operations.

7. The proposed sale and transfer by Teleconnect to Long Distance of the operating authority and assets is not adverse to the public interest.

8. Long Distance proposes to adopt the rates, rules, and regulations presently governing the operations of Teleconnect.

9. Teleconnect and Long Distance are telephone corporations which are nondominant telecommunications carriers.

10. Ordering Paragraph 1 of D.85-01-008 in Application 84-03-92 dated January 3, 1985, provides that:

"1. On and after the effective date of this order, public utility resellers of telecommunications services are exempted from the requirements of PU Code §§ 816-830."

11. Ordering Paragraph 7 of D.87-04-017, dated April 8, 1987, provides in part that:

"...in noncontroversial applications for authority to transfer assets or control under PU Code §§ 851-855, such authority may be granted by the Commission's Executive Director as specified in D.86-08-057."

12. Since the ensuing order primarily affects the parties to this application, it should be made effective on the date of issuance.

Conclusion of Law

The application should be granted.

This authorization is not a finding of the value of the rights and properties to be transferred.

ORDER

IT IS ORDERED that:

1. On or after the effective date of this order Teleconnect Company (Teleconnect) may sell and transfer to Teleconnect Long Distance Services and Systems Company (Long Distance), an Iowa corporation qualified to do business in California, the certificate of public convenience and necessity granted in D.87-09-012 and the assets set forth in the application in accordance with the terms of the application.

2. Within 10 days after transfer, Teleconnect shall write the Commission stating the date of transfer and the date when Long Distance began operating the system. A copy of the transfer documents shall be attached.

3. Long Distance shall either file a statement adopting Teleconnect's tariffs or refile those tariffs under its own name as prescribed in General Order Series 96. Rates shall not be increased unless authorized by this Commission.

4. Within 90 days after actual transfer, Long Distance shall file, in proper form, an annual report on Teleconnect's operations from the first day of the current year through date of transfer.

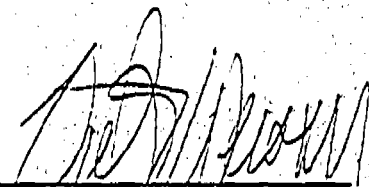
5. When this order has been complied with, Teleconnect shall have no further public utility obligations in connection with the operating authority and assets transferred.

6. The corporate identification number assigned to Long Distance is U-5152-C which should be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

7. The authority granted in Ordering Paragraph 1 shall expire unless it is exercised before December 31, 1988.

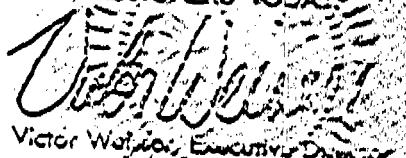
This order is effective today.

Dated MAY 11 1988, at San Francisco, California.



Victor Weissner
Executive Director

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


Victor Weissner, Executive Director