

Decision 90 02 037 FEB 23 1990

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
EXTELCOM, INC. dba EXPRESS TEL and)
LONG LINES SERVICES, INC. for)
approval of the acquisition of the)
customer base and certain other)
assets of LONG LINES SERVICES, INC.)
by EXTELCOM, INC. dba EXPRESS TEL.)

Application 89-10-030
(Filed October 3, 1989)

O P I N I O N

Extelcom, Inc., dba Express Tel (Express Tel), and Long Lines Services, Inc. (LLS) (applicants) seek approval of the acquisition of customer base and certain other assets of LLS by Express Tel (the transaction) pursuant to Public Utilities (PU) Code §§ 851 to 854.

Applicants allege:

1. Extelcom, Inc. is a Utah corporation and is qualified to do business in the State of California. Extelcom's CIS is U-5047-C. It is a wholly owned subsidiary of Transtel Communications, Inc. (Transtel), a Delaware corporation whose principal place of business is Salt Lake City, Utah.

2. LLS is a California corporation which maintains its principal offices in Bakersfield, California. LLS's CIS is U-5153-C.

3. A copy of the purchase contract dated August 10, 1989, between Express Tel and LLS detailing the terms of the transaction (the purchase contract) and the property to be transferred was submitted with the application.

4. Express Tel is presently operating as a reseller of telephone services offered by communications common carriers in San Diego, Los Angeles, Sacramento, and the greater San Francisco area. LLS is presently operating as a reseller of telephone services

offered by communications common carriers in Bakersfield and surrounding areas.

5. Applicants seek approval for the acquisition by Express Tel of the customer base and certain other assets of LLS as detailed in the purchase contract. The acquisition would be accomplished by notification of LLS customers that resale of interLATA long distance telephone service previously furnished by LLS would be thereafter provided by Express Tel. The customers of LLS would then have the option of maintaining their service with Express Tel or selecting another interLATA long distance telephone carrier. Those customers electing to maintain their service with Express Tel would be given Express Tel access codes or converted to Express Tel for equal access for their interLATA long distance telephone service. There will be no interruption in service and no inconvenience to the present LLS customers.

6. As a result of LLS's desire to withdraw from the operational responsibility for its customer base immediately and in order to facilitate an orderly transfer of operations, Express Tel has agreed to service the customer base of LLS pending Commission approval pursuant to the terms and conditions of a management agreement, a copy of which is attached to the application. In the event of cutoff or cessation of service, the customer base of LLS would have little value, if any. In such event the customer would experience a disruption of service.

7. Express Tel desires to enter into the proposed transaction in order to (a) enhance the profitability of its California operation; (b) enhance the quality of service provided to all of Express Tel's customers in California by enabling it to operate on a more cost-effective basis; and (c) provide continuous service to the present California customers of LLS without interruption.

8. LLS desires that the proposed transaction be consummated for the reasons that (a) it would provide for continuous service to

the customer base and (b) it avoids having the customer base become a relatively valueless asset.

9. The terms and conditions for the acquisition of the customer base of LLS are set forth in the purchase contract.

The transaction contemplates the acquisition of the customer base of LLS and certain other assets as set forth in the purchase contract, however, all accounts receivable of LLS will be retained by LLS. Express Tel has agreed to collect the accounts receivable on behalf of LLS. Neither LLS nor Express Tel generally collect customer deposits from their respective customers.

10. Express Tel will not assume any liability or responsibility for the payment of any obligation, debt, or liability of LLS incurred in connection with its business operations prior to August 11, 1989.

In order to prevent the interruption of service and consequent inconvenience to the present customers of LLS the application should be granted. TMC Communications, Inc. (U-5147-C) protested but later withdrew its protest. No others protested. A public hearing is not necessary.

Findings of Fact

1. Express Tel operates as a reseller of telephone services in California under a certificate of public convenience and necessity issued by this Commission. Its CIS is U-5047-C.

2. LLS operates as a reseller of telephone services in California under a certificate of public convenience and necessity issued by the Commission. Its CIS is U-5153-C.

3. LLS has entered into an agreement with Express Tel under which it will sell its California customer base and other assets to Express Tel.

4. Prompt approval of this sale will prevent interruption in service and inconvenience to the present customers of LLS.

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

Conclusion of Law

The proposed transfer is in the public interest and should be authorized.

ORDER

IT IS ORDERED that:

1. On or before December 31, 1990, Long Lines Services, Inc. (LLS) may sell and transfer its California customer base to Extelcom, Inc. pursuant to a purchase contract substantially in the form of Exhibit A to the application.

2. Upon completion of the sale and transfer, the certificate of public convenience and necessity granted to LLS is revoked and its CIS U-5153-C is canceled.

3. Within 30 days of completion of the sale and transfer Extelcom, Inc. shall notify in writing the Chief of the Telecommunications Branch of the Commission Advisory and Compliance Division of the completion.

4. Within 60 days of the effective date of this order, Extelcom, Inc. shall comply with PU Code § 708, Employee Identification Cards, and notify, in writing, the Chief of the Telecommunications Branch of the Commission Advisory and Compliance Division of compliance.

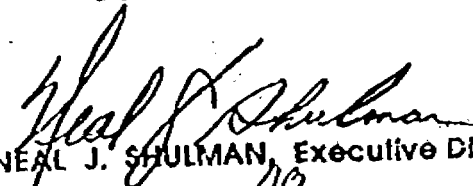
This order is effective today.

Dated FEB 23 1990, at San Francisco, California.

G. MITCHELL WALK
President
FREDERICK D. GUDA
STANLEY W. HULETT
JOHN D. ONARIAN
PATRICIA M. ECKERT
Commissioners

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

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NEAL J. SHULMAN, Executive Director