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ALJ/RAB/gab

Decision 96-07-044 July 17, 1996

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
International Telemangement Group, )  
Inc. dba ITG Enterprises, Inc. to )  
transfer ownership or control. )

**ORIGINAL**  
Application 95-08-053  
(Filed August 23, 1995)

O P I N I O N

Applicants International Telemangement Group, Inc., dba ITG Enterprises, Inc. (U-5573-C) (ITG) and GSTNET, Inc. (GST) seek authority to transfer all of ITG's issued and outstanding stock from its sole shareholder to GST. After the closing of this transaction, ITG will operate as a wholly owned subsidiary of GST.

ITG is an Ohio corporation qualified to transact business within California. ITG's principal place of business is located in Ohio. In Decision (D.) 94-04-020, the Commission issued ITG a certificate of public convenience and necessity (CPC&N) to operate as a reseller of telecommunications services within California. ITG is currently owned by a sole shareholder.

GST is a Delaware corporation. GST's principal place of business is located in the State of Washington. GST is primarily in the business of developing, installing, and marketing fiber optic telecommunications networks in the United States and Canada. By this application, GST seeks authority to purchase all the issued and outstanding stock of ITG from its sole shareholder. After the completion of this transaction, ITG will continue to exist as a wholly owned subsidiary of GST.

Under the terms of the proposed transaction, GST will not provide any utility services within California. Instead ITG will continue to provide utility services within California as a wholly owned subsidiary of GST. ITG will operate in substantially the same manner according to its currently tariffed rates and terms and conditions of service.

A copy of the Stock Purchase Agreement (Agreement) for the transfer of all ITG's issued and outstanding stock to GST is attached to the application. Pursuant to the Agreement, ITG's shareholder has agreed to transfer all of ITG's issued and outstanding capital stock to GST for \$200,000 together with certain other benefits.

Applicants allege that they have entered into the proposed transaction in order to better serve the public interest. ITG has determined that its best interests will be served by operating as a wholly owned subsidiary of a larger well-established company, GST. At the same time, this transaction will permit GST to become more involved in the California intrastate telecommunications market.

A background check of GST and its principal officers using a NEXIS search completed in May 1996, showed no negative information. GST is fit to acquire ITG.

A recent financial statement for ITG is attached to the application as is a recent consolidated financial statement for GST, its parent corporation, and other affiliates. GST's financial condition is adequate to support the proposed operation.

This application involves only a proposed change in ownership of existing duly licensed facilities. Applicants do not propose any new construction. Therefore, there is no

possibility that the proposed transaction may have any significant impact on the environment.

Findings of Fact

1. Notice of the filing of the application appeared in the Daily Calendar on August 31, 1995. No protests have been filed. A hearing is not necessary.

2. The proposed transaction will result in the transferee having greater resources with which to operate a public utility business.

3. The sale is in the public interest.

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

Conclusion of Law

The sale and transfer should be authorized.

ORDER

IT IS ORDERED that:

1. On or before December 31, 1996, International Telemangement Group, Inc., dba ITG Enterprises, Inc., may transfer to GSTNET, Inc. the assets described in their application in accordance with the terms of the documents attached to the application.

2. Within 10 days of the actual transfer, GSTNET, Inc. shall notify the Commission Advisory and Compliance Division, in

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writing, of the date on which the transfer was completed. A true copy of the instrument effecting the transfer shall be attached to the written notification.

This order is effective today.

Dated July 17, 1996, at Sacramento, California.

P. GREGORY CONLON  
President  
DANIEL Wm. FESSLER  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners