

ALJ/GEW/sid

Decision 97-12-009

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Joint Application for Approval of the Stock Purchase
of Strategic Alliances, Inc., by London Telecom
Network, Corp.

Application 97-05-034
(Filed May 5, 1997)

O P I N I O N

1. Summary

This decision authorizes the transfer of corporate control, pursuant to Public Utilities (PU) Code §§ 851-854, of Strategic Alliances, Inc., a certificated reseller of telecommunications services in California. The approval is subject to a requirement that all current subscribers be notified in writing of the change in control.

2. Description of Application

Strategic Alliances and London Telecom Network, Corp. (collectively, applicants) seek authority for London Telecom to purchase 100% of Strategic Alliances' stock and for Strategic Alliance to become a wholly owned subsidiary of London Telecom. After the transfer, Strategic Alliances intends to do business under the name "London Telecom Network, Corp."

Strategic Alliances (U-5320-C) is a nondominant interexchange carrier authorized by this Commission in Decision (D.) 93-07-007, 50 CPUC2d 326 (1993), to provide interLATA telephone and operator services in California.¹ The company is a Minnesota corporation authorized to do business in this state.

¹ California is divided into 10 Local Access and Transport Areas (LATAs) of various sizes, each containing numerous local telephone exchanges. "InterLATA" describes telecommunications services originating in one LATA and terminating in another. "IntraLATA" describes telecommunications services originating and terminating within a single LATA.

London Telecom is a Georgia corporation, also authorized to do business in California, but is not yet certificated as a public utility here. The company is associated with London Telecom Network Inc., one of Canada's largest flat-rate long distance companies.

Applicants state that, after the stock purchase is completed, Strategic Alliances will operate under its new name as a wholly owned subsidiary of London Telecom, and it will continue to provide service under its existing tariffs and with its current management team.

Applicants state that the transaction will make additional financial resources available to Strategic Alliances, facilitating the expansion of service offerings to existing and new customers. Applicants state that customers of Strategic Alliance will be notified by bill insert or direct mail of the change in control and of the new name under which the carrier will do business.

3. Discussion

PU Code §§ 851-854 require approval of a transfer of control of a public utility. Based on the representations of applicants, after the transfer of control here, Strategic Alliances will continue to operate under the same tariffs and with the same management personnel. London Telecom has attached to the application exhibits showing that it has financial resources adequate to conduct business in this state, and its officers have extensive experience in the telecommunications field. Since the application involves only a change in the underlying corporate structure, there is no possibility that the transaction will have a significant effect on the environment.

Our order today requires that affected customers be notified of the change in control and of the new name under which Strategic Alliances will be doing business.

Since the application is noncontroversial, and no protests have been filed, it is proper for the Executive Director to issue an order approving the proposed transfer of control. (See D.86-08-057, 21 CPUC2d 549 (1986), as modified by D.87-10-035, 25 CPUC2d 459 (1987).)

Findings of Fact

1. Notice of the filing of this application appeared in the Daily Calendar on May 19, 1997. No protests have been received.
2. Strategic Alliances was authorized to provide interLATA telephone and operator services in California pursuant to D.93-07-007. Its utility identification number is U-5320-C.
3. London Telecom is a Georgia corporation authorized to conduct business in California.
4. Through purchase by London Telecom of 100% of Strategic Alliances' stock, Strategic Alliances will become a wholly owned subsidiary of London Telecom.
5. Following the purchase, Strategic Alliances intends to operate under the "doing-business-as" name of "London Telecom Network, Corp."
6. Terms and conditions of services offered to subscribers of Strategic Alliances would be unaffected by the proposed transfer of control.
7. The transfer of control will make additional financial resources available to the applicants' telecommunications services.
8. London Telecom has the financial and managerial resources to operate a telecommunications subsidiary successfully.
9. Granting the application is not adverse to the public interest.
10. The Executive Director is authorized under previous decisions of the Commission to issue orders granting noncontested applications of nondominant interexchange carriers to transfer control under PU Code §§ 851-854.
11. There is no known opposition to the proposed transfer of control.

Conclusions of Law

1. The application should be granted, subject to the conditions set forth in the ordering paragraphs.
2. No public hearing is necessary.
3. It can be seen with certainty that the granting of the application will have no significant adverse effect on the environment.

4. This order should be effective immediately so that the contemplated transfer can take place promptly.

O R D E R

IT IS ORDERED that:

1. On or after the effective date of this order, Strategic Alliances, Inc. (Strategic Alliances) is authorized to transfer control of its operations to London Telecom Network, Corp., pursuant to Public Utilities Code §§ 851-854, in accordance with the terms and conditions set forth in Application (A.) 97-05-034 and the Stock Purchase Agreement attached as Exhibit 3 thereto.
2. Strategic Alliances is authorized to continue to do business under its utility identification number U-5320-C.
3. Applicants shall notify the Director of the Commission's Telecommunications Division in writing of the actual date of transfer of control, as authorized herein, within 10 days after completion of the transfer. A true copy of the instruments of transfer shall be attached to the notification.
4. Applicants shall notify all customers affected by the transfer of control and advise them that terms, conditions, and rates for service are unchanged. Applicants shall notify all customers of any change in the name under which Strategic Alliances does business.
5. Applicants shall make all books and records available for review and inspection upon Commission staff request.
6. The corporate identification number assigned to Strategic Alliances (U-5320-C) shall be included in the caption of all original filings with this Commission, and shall be included in the title of other pleadings filed in existing cases.

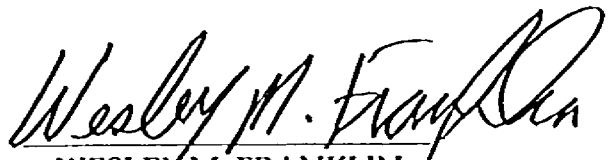
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7. The authority granted in this order shall expire if not exercised within 12 months after the effective date of this order.

8. A.97-05-034 is closed.

This order is effective today.

Dated DEC 02 1997, at San Francisco, California.



WESLEY M. FRANKLIN

Executive Director

CORRECTION !!

*THE PREVIOUS DOCUMENT(S) MAY HAVE
BEEN FILMED INCORRECTLY*

RESHOOT FOLLOWS

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