

DEC 16 1997

Decision 97-12-070 December 16, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of GlobalCom
Telecommunications, Inc. for a Certificate of Public
Convenience and Necessity to Provide
Telecommunications Services Within the State of
California

Application 97-06-032
(Filed June 19, 1997)

ORIGINAL

OPINION MODIFYING DECISION 97-08-035

By Petition dated August 22, 1997 and filed August 26, 1997, GlobalCom Telecommunications, Inc. (GlobalCom) seeks a modification of Decision (D.)97-08-035 to authorize the acquisition of control of GlobalCom by COMCAST TELEPHONE COMMUNICATIONS, INC. (CTCI).

Notice of the filing of the petition for modification appeared in the Daily Calendar of August 29, 1997. No protest or other opposition to the petition has been submitted, and no hearing on the petition is required.

Background

On June 19, 1997 GlobalCom filed an application with this Commission seeking a certificate of public convenience and necessity (CPCN) authorizing it to resell interLATA and intraLATA telecommunications services in California.¹ By D.97-08-035, dated August 1, 1997, the Commission granted that application and assigned utility identification number U-5830-C to GlobalCom.

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

The Acquisition Agreement

On May 28, 1997, shortly before GlobalCom filed its application for a CPCN, CTCI and the shareholders of GlobalCom entered into an agreement under the term of which CTCI will acquire all of GlobalCom's outstanding stock for cash and GlobalCom will become and thereafter will operate as a wholly owned subsidiary of CTCI. It is the intention of the parties that GlobalCom will continue to be the entity providing telecommunications service in California, and it will continue to do so under its present name. There will be no change in the services or rates offered by GlobalCom. CTCI itself will not offer interLATA or intraLATA telecommunications services in California except through GlobalCom.

The proposed transfer of control will not result in any change in management of GlobalCom and the principals named in GlobalCom's application for a CPCN, Nathaniel R. Cohen, Barry M. Edelstein, and Adam Levin, will continue to provide their management skills to GlobalCom after the transfer of control. Accordingly, there will be no significant change in the management chain referred to in D.97-08-035, and the transfer essentially will be transparent to customers of GlobalCom in California.

The Acquiring Party

CTCI is a subsidiary of COMCAST Corporation (COMCAST), a publicly held media and telecommunications company with principal offices at 1500 Market Street, Philadelphia, Pennsylvania. CTCI also has its offices at that address. CTCI is a nondominant telecommunications company which, through commonly owned subsidiaries, provides or is authorized to provide various domestic intrastate and interstate telephone services, as well as voice and data communications services.

Financial Information Concerning CTCI and COMCAST

CTCI and COMCAST are substantially larger companies than GlobalCom, and GlobalCom will benefit from the transaction by gaining access to the financial resources of both CTCI and COMCAST. CTCI and COMCAST, which report on a consolidated basis, had 1996 revenues of more than \$4 billion, with an operating cash flow of \$1.2 billion and total assets of more than \$12 billion. By having access to the combined

resources of CTCI and COMCAST, GlobalCom will be able to maintain and improve its services to the public.

Conclusion

The acquisition of control of GlobalCom by CTCI will be of benefit to GlobalCom and will not adversely affect the public interest.

Findings of Fact

1. By D.97-08-035, the Commission granted a CPCN to GlobalCom authorizing it to provide resold interLATA and intraLATA telecommunications services in California.

2. GlobalCom now petitions for a modification of D.97-08-035 to approve the acquisition of control of GlobalCom by CTCI, a subsidiary of COMCAST.

3. Under the terms of the agreement for transfer of control, CTCI will acquire all outstanding shares of GlobalCom, and GlobalCom will become a wholly owned subsidiary of CTCI.

4. There will be no transfer of GlobalCom's CPCN, and GlobalCom will continue to provide the services authorized by its CPCN under its current name and at the same rates as present.

5. CTCI and COMCAST have sufficient resources to meet Commission requirements.

6. There will be no change in GlobalCom's management.

Conclusions of Law

1. CTCI has sufficient financial resources to meet Commission requirements as well as the obligations of the agreement for acquisition of control of GlobalCom.

2. The public interest will not be adversely affected by allowing CTCI to acquire control of GlobalCom.

3. The request for approval of the acquisition of control of GlobalCom by CTCI should be approved and made effective upon the issuance of this order.

O R D E R

IT IS ORDERED that:

1. The acquisition of control of GlobalCom Telecommunications, Inc. (GlobalCom) by COMCAST TELEPHONE COMMUNICATIONS, INC. (CTCI) is approved.
2. The certificate of public convenience and necessity issued to GlobalCom shall remain in the name of GlobalCom.
3. Decision 97-08-035 is modified by the addition of Conclusions of Law 1, 2, and 3 above, and Ordering Paragraphs 1 and 2 above.
4. Application 97-06-032 is closed.

This order is effective today.

Dated December 16, 1997, at San Francisco, California.

P. GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners