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Decision 97-12-080 December 16, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Family
Telecommunications Incorporated (U-5724-C).

Application 97-10-047
(Filed October 20, 1997)

O P I N I O N

ORIGINAL

Nature of the Application

By application dated October 8, 1997 and filed October 20, 1997, Family Telecommunications Incorporated (FTI) (U-5724-C) seeks approval to change its name to Utah I-Link Communications, Inc., and to transfer its Certificate of Public Convenience and Necessity (CPCN) to that named entity. On first impression, this may appear to be nothing more than an application for approval of a name change and transfer of the CPCN to FTI's new name. However, in actuality it is an application for approval of the acquisition of FTI by Medcross, Inc. (Medcross).

Notice of the filing of the application appeared in the Daily Calendar on October 23, 1997. No protests or other opposition to the application have been submitted and the time for filing the same has now expired. No hearing on the application is deemed necessary.

The Parties

FTI, sometimes referred to as Family Telecommunications, Inc., and hereafter to be known as Utah I-Link Communications, Inc., is a Utah corporation authorized to do business in all states, including California. By Decision (D.) 97-01-014, dated January 13, 1997, (Application (A.) 96-09-053), FTI was granted a Certificate of Public Convenience and Necessity (CPCN) to provide services as a non-dominant interexchange carrier (NDIEC) offering resold inter-Local Access and Transport Area (LATA) and intraLATA telecommunications services in California. It is also certificated as a reseller of intrastate telecommunications services in all 49 of the other states.

Medcross, to be renamed I-Link Incorporated, is a Florida corporation having its principal place of business at 13751 S. Wadsworth Park Drive, Suite 200, Draper, Utah 84020. Medcross is a publicly traded company on the NASDAQ Exchange under the symbol ILNK and until this venture, was not engaged in telecommunications nor licensed by any federal or state entity as a public utility. Rather, Medcross was engaged in the ownership and operation of outpatient diagnostic imaging facilities in the State of Florida.

The Transaction

Medcross has acquired 100% of the issued and outstanding stock of FTI, and at the time of the application, ratification of that acquisition by the stockholders of Medcross was pending. Following ratification of the acquisition, FTI, under its new name of Utah I-Link Communications, Inc., will operate as a wholly-owned subsidiary of I-Link Incorporated, the new name of Medcross.

On August 1, 1997, the Articles of Incorporation of FTI were amended and filed with the Division of Corporations & Commercial Code of the State of Utah to change the name of FTI to I-Link Communications, Inc. A copy of the Utah certificate of amendment is attached as Exhibit A to the application. On September 5, 1997, the California Secretary of State issued a Certificate of Qualification to do business in California to I-Link Communications, Inc., noting that it will do business in California under the name Utah I-Link Communications, Inc.

Current subscribers of FTI will not be affected by the acquisition as FTI (Utah I-Link Communications, Inc.) will continue to provide all services to its subscribers, including direct billing on its own invoices under the names FTI Communications or Utah I-Link Communications, Inc., at the same or lower rates and conditions that its subscribers previously received.

Discussion

In situations where the holder of a CPCN is sought to be acquired by an entity which does not hold a CPCN, the Commission, in considering the application, will apply the same criteria to the acquiring entity as it does to all applicants for a CPCN of

the class held by the entity being acquired. In this case, since FTI holds a CPCN authorizing it to act as a reseller of interLATA and intraLATA telecommunications services, the criteria to be applied are those which an applicant for a CPCN to offer those services must meet.

The Commission has established two criteria which an applicant for a CPCN to provide resold interLATA and intraLATA telecommunications services must meet in order to receive such a certificate. First, the applicant must demonstrate that it has a minimum of \$25,000 cash or cash equivalent (D.91-10-041, 41 CPUC2d 505 at 520) available to meet expected start-up costs, as well as an amount sufficient to cover all deposits required by interexchange or local service carriers. In addition, the applicant must make a reasonable showing that it possesses the technical expertise necessary to perform the services for which authority is sought.

Financial Qualifications

As Exhibit C to the application, the applicant has provided a copy of Medcross' Consolidated Balance Sheet (unaudited) for the period ended June 30, 1997, Medcross' Consolidated Statements of Operations (unaudited) for the three months ended June 30 for years 1996 and 1997 and the six months ended June 30 for the years 1996 and 1997, and Medcross' Consolidated Statements of Cash Flows (unaudited) for the six month ended June 30 for the years 1996 and 1997. A review of these documents indicates that Medcross possesses sufficient cash or cash equivalents to meet that Commission's requirements.

Technical Expertise

No change of management will occur as a result of the acquisition of FTI, as all of FTI's current management personnel will continue in the new organization. Since FTI's technical expertise was considered at the time its original application to provide resold interLATA and intraLATA telecommunications services was granted approximately a year ago, and no major changes of technical/managerial personnel has occurred in the interim, we find that FTI remains qualified to provide the services authorized by its CPCN.

Public Interest

According to the application, FTI is of the opinion that its acquisition by Medcross will enhance the financial condition of the company and further strengthen its management, and given FTI's relatively small market position in California, will not adversely affect competition. We know of nothing that would indicate the contrary.

Findings of Fact

1. Family Telecommunications, Inc. (U-5724-C) is the holder of a CPCN issued by this Commission on January 13, 1997 (D.97-01-014, A.96-09-053) to provide services as a reseller of interLATA and intraLATA telecommunications services in California.

2. Medcross, a Florida corporation, has acquired 100% of the outstanding shares of FTI, and ratification of that acquisition by the shareholders of Medcross is pending.

3. Medcross' has been renamed I-Link Incorporated.

4. FTI's name change to I-Link Communications, Inc. has been approved by the Secretary of State of the State of Utah.

5. I-Link Communications, Inc., will do business in California under the name Utah I-Link Communications, Inc.

6. Financial information concerning Medcross was included in the application.

7. FTI will operate in California after the acquisition under the name Utah I-Link Communications, Inc. with the same personnel as at present.

Conclusions of Law

1. In cases where the holder of a CPCN is to be acquired by an entity which does not hold a CPCN issued by the Commission, the Commission will apply the same criteria as to an application for the type or class of CPCN held by the entity being acquired.

2. In order to receive a CPCN to provide resold interLATA and intraLATA telecommunications services, an applicant must demonstrate that it has cash or cash equivalent of at least \$25,000 available to it and possesses sufficient technical expertise to provide the services for which authority is sought.

3. Medcross (I-Link Incorporated) has sufficient financial resources to meet the Commission's requirements.

4. Since the same personnel will operate FTI (Utah I-Link Communications, Inc.) following the acquisition as at present, the Commission's technical expertise requirement has been met.

5. The public interest will not be adversely affected by the acquisition.

6. The acquisition should be approved and made effective the day this decision is issued.

O R D E R

IT IS HEREBY ORDERED that:

1. The acquisition of Family Telecommunications Incorporated (FTI) by Medcross, Inc. (I-Link Incorporated) is approved.

2. FTI's name change to Utah I-Link Communications, Inc. is approved.

3. The Certificate of Public Convenience and Necessity (CPCN) held by FTI shall be transferred to Utah I-Link Communications, Inc.

4. Utah I-Link Communications, Inc. shall continue to provide the services authorized by its CPCN under the same terms and conditions as authorized by its CPCN and current tariffs.

5. Applicant will advise all affected customers of the change in ownership and that they may receive billing under either the FTI or Utah I-Link Communications, Inc. name 30 days prior to sending a bill containing a change of supplier's name.

A.97-10-047 ALJ/RLR/wav *

6. Application 97-10-047 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