

Decision 98-07-074 July 23, 1998

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Petition of
National Communications Association,
Inc., and Universal Communications
Group, Inc., for Approval of Pro Forma
Assignment of Certificate of Public
Convenience and Necessity.

ORIGINAL

Application 98-04-039
(Filed April 24, 1998)

O P I N I O N

1. Summary

National Communications Association, Inc. (NCA) and Universal Communications Group, Inc. (UCG) seek authority to transfer NCA's certificate of public convenience and necessity (CPCN) to UCG. The two companies are commonly owned and managed. The application is granted.

2. Background

NCA and UCG are both Delaware corporations qualified to do business in California. Each is wholly owned by George Schoenberg, a New York resident, who serves as president and chairman of both companies. Both companies have the same management, and they share principal offices in New York City.

NCA in 1994 was authorized to operate as a switchless reseller of telecommunications services in California. (Decision 94-05-062, 54 CPUC2d 543.) NCA and its affiliates are authorized to resell interexchange telecommunications service in 21 states. UCG is currently authorized as an interexchange reseller in Connecticut, Massachusetts, New Jersey, New York and Pennsylvania.

3. Nature of Application

The joint applicants seek authority to transfer the 1994 CPCN of NCA to UCG. Applicants state that the proposed transfer is part of a reorganization intended to improve the operational efficiency of the companies' interexchange resale business. When completed, UCG would operate the interexchange service now provided by NCA in this and selected other states. UCG would be managed by the same individuals who now manage NCA and would provide identical service to California customers. UCG states that it will file tariffs that are essentially the same as those of NCA.

Applicants state that, at the appropriate time, NCA customers will be notified that their service will henceforth be provided by UCG. Applicants state that the transfer of operating authority will serve the public interest by improving the operational efficiency of the companies and increasing their flexibility to meet customer demand.

4. Discussion

This application is filed pursuant to Public Utilities Code (PU) Code § 851, which requires Commission approval of a transfer of control and transfer of assets of a public utility. Since the application involves only a change in the underlying corporate structure, there is no possibility that the transaction will have a significant impact on the environment. Applicants have shown through their accompanying exhibits that UCG has the financial, technical and managerial abilities to operate successfully.

Normally, the Commission does not approve transfers of CPCN authority, ordering instead that the acquiring company seek its own CPCN and utility identification number and, when granted, revoking the CPCN and identity

number of the acquired company.¹ This practice is intended to avoid customer confusion as to the entity providing the service. Here, however, there will be no change in ownership or management of the entity providing the service. Subscribers will be served through identical tariffs (except for the change in name). Subscribers will be notified of the change in their service provider.

Accordingly, we will permit the transfer of NCA's 1994 CPCN to UCG, along with NCA's utility identification number. We will require UCG to file tariffs in its own name before exercising the authority granted to NCA. We also will require NCA and UCG to give written notice to all subscribers at the time of the transfer of authority.

In Resolution ALJ 176-2992, dated May 7, 1998, the Commission preliminarily categorized this proceeding as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. Given this status, public hearing is not necessary, and it is not necessary to alter the preliminary determinations made in Resolution ALJ 176-2992.

Findings of Fact

1. Notice of the filing of this application appeared in the Commission's Daily Calendar on April 28, 1998.
2. Applicants seek authority to transfer the CPCN of NCA to UCG, a sister corporation with identical management.
3. NCA is authorized to operate as a switchless reseller of telecommunications services in California, pursuant to D.94-05-062, 54 CPUC2d 543.

¹ In re Teleport Communications (1995) 58 CPUC2d 743.

4. UCG is authorized to provide interexchange reseller service in Connecticut, Massachusetts, New Jersey, New York and Pennsylvania.

5. UCG is qualified technically and financially to provide interexchange reseller service in California.

6. After the transfer of CPCN authority, UCG will operate in California with no change in NCA's tariffed rates or services. NCA's tariffs will be refiled under UCG's name.

7. There is no known opposition to the proposed transfer of control.

Conclusions of Law

1. Applicants' request for authority under PU Code § 851 for NCA to transfer its CPCN to UCG should be granted.

2. A public hearing is not necessary.

3. This is a ratesetting proceeding, as defined by Rule 6.1(c) of the Rules of Practice and Procedure.

4. Since there has been no protest filed, the following order should be effective immediately.

O R D E R

IT IS ORDERED that:

1. On or after the effective date of this order, National Communications Association, Inc. (NCA) is authorized to transfer its certificate of public convenience and necessity (CPCN) for switchless reseller telecommunications service to Universal Communications Group, Inc. (UCG), pursuant to Public Utilities (PU) Code § 851, in accordance with the terms and conditions set forth in Application 98-04-039.

2. NCA and UCG shall jointly notify the Director of the Commission's Telecommunications Division in writing of the actual transfer date as authorized herein, within 10 days thereafter.

3. UCG shall file a new tariff incorporating NCA's present rates into a single new tariff under the name of the transferee, UCG.

4. UCG shall be subject to the same terms and conditions that the Commission has placed on NCA in granting the CPCN to operate as a switchless reseller of telecommunications services.

5. NCA and UCG shall make all books and records available for review and inspection upon Commission staff request

6. Upon compliance with all of the conditions of this order, including the payment of all fees due under PU Code § 431 to the date of transfer, NCA shall stand relieved of all future public utility obligations for switchless reseller telecommunications service and its Corporate Identification Number U-5391-C shall be transferred to UCG.

7. On the date of transfer, UCG shall operate under the Corporate Identification Number U-5391-C, which shall be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

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

9. Application 98-04-039 is closed.

This order is effective today.

Dated July 23, 1998, at San Francisco, California.

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